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## CONTENTS.

### *PART I: CO-OPERATION AND ASSOCIATION.*

#### AUSTRIA.

NATIONAL ORGANIZATION OF AGRICULTURAL CO-OPERATIVE SOCIETIES, by Dr. OTTO NEUDERFER, General Inspector of the General Federation of Agricultural Co-operative Societies, Vienna. III. AGRICULTURAL CO-OPERATION IN THE GERMAN PART OF AUSTRIA . . . . .	Page 1
---	--------

#### KINGDOM OF HUNGARY.

LAW ON COLLECTIVE UNDIVIDED PASTURE LAND AND THE PASTURAGE ASSOCIATIONS . . . . .	Page 9
---	--------

#### ITALY.

SCHEMATIC INFORMATION . . . . .	Page 13
1. The Fourth National Congress of Co-operative Dairies, page 13 - § 2. A Congress of Agricultural Co-operative Societies, page 14 - § 3. The Apulian Viticultural Congress, page 15 - § 4. The Agricultural Meetings at Vercelli, page 18 - § 5. The Third Agricultural Congress of Western Liguria, page 19 - § 6. The Agricultural Livestock Improvement Congress of Cittadella (Padua), page 20 - § 7. Associations for Ripening and Sale of Cheeses, page 21 - § 8. The Institution of a "Course of Instruction in Co-operative and Agricultural Mutuality" in Rome, page 23 - § 9. The Formation of the Italian Federation of Small Farmers, page 24 - § 10. Small Farms, page 24 - § 11. Italian Farmers' Society, page 25.	
NOTIFICATIONS OF RECENT DATE ON AGRICULTURAL CO-OPERATION AND ASSOCIATION IN ITALY . . . . .	Page 27

### *PART II: INSURANCE.*

#### FRANCE.

THE NATIONAL PENSION FUND . . . . .	Page 29
1. The Institution of the National Pension Fund, page 29 - § 2. The Premiums, page 31 - § 3. The Pensions, page 35 - § 4. The Role of the Pension Fund in the Application of Social Legislation, page 37 - § 5. Combined Effects of the Laws on the Pension Fund and on Workmen's and Peasants' Pensions, page 41.	
NOTIFICATIONS OF RECENT DATE ON AGRICULTURAL INSURANCE IN FRANCE . . . . .	Page 45

**PART III: CREDIT.****GERMANY.**

1. — MORTGAGE LOANS OF THE PRUSSIAN SAVINGS BANKS AND THEIR INFLUENCE IN THE DEMORTGAGING OF RURAL LANDED PROPERTY . . . . .	A
§ 1. The Amount of Savings Bank Deposits, page 47 - § 2. Increase of Mortgage Loans Repayable in Instalments, page 50 - § 3. Rate of Interest on Mortgage Loans Granted by the Savings Banks, page 52 - Appendix, Text of the Prussian Law of December 23rd., 1912 on Investment of Savings Bank Funds in Bonds Bearer, page 54.	
2. — PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN GERMANY . . . . .	A

**ITALY.**

1. — MEASURES IN BEHALF OF AGRICULTURAL CREDIT IN LIGURIA . . . . .	A
2. — THE WORK OF THE SPECIAL AGRICULTURAL CREDIT ESTABLISHMENTS IN 1911 . . . . .	A
§ 1. The Agricultural Credit Establishment for Latiun, page 60 - § 2. The Provincial Agricultural Credit Bank of Basilicata and the "Victor Emmanuel III" Establishment in Calabria, page 64 - § 3. The "Ademprivile Banks" of Sardinia, page 65.	
3. — MISCELLANEOUS INFORMATION . . . . .	A
§ 1. Italian Savings on June 30th., 1912, page 66 - § 2. Agricultural Improvement Credit in Southern Italy and the Islands, page 72.	
4. — PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN ITALY . . . . .	A

**ROUMANIA.**

AGRICULTURAL CREDIT FOR SMALL HOLDINGS IN ROUMANIA . . . . .	A
Introduction, page 74 - § 1. The Agriculture and Viticultural Bank, page 75 - § 2. People's Banks and the Central Bank of the People's Banks and Village Cooperative Societies, page 79 - § 3. Credit Operations of the Central Bank with People's Banks, Co-operative Farming Societies and other Associations, page 82	

**PART IV: MISCELLANEOUS**

NEW AGRICULTURAL LEGISLATION IN AUSTRIA . . . . .	A
Introduction: The Agricultural Regime in the Middle of the XIXth. Century, page 85 - § 1. 1st. Period: The Liberal Legislation between 1848 and 1867, page 90 - § 2. 2nd. Period: Attempt to Reform and Improve the Agricultural System, page 94.	

**BELGIUM.**

LIVESTOCK PRODUCTION AND TRADE IN BELGIUM AND THE MEASURES PROPOSED IN VIEW OF THE HIGH PRICE OF MEAT . . . . .	A
Introduction, page 101 - § 1. Livestock Production, page 102 - § 2. Importation of Customs and Sanitary Regulations, page 104 - § 3. Organization of the Trade in Livestock and in Meat, page 108 - § 4. Consumption of Meat, page 109 - § 5. Studies and Proposals, page 114 - Conclusions, page 118.	

## DENMARK.

ACTION OF THE PEASANT HIGH SCHOOLS, . . . . .	<i>Page</i> 123
1. Grundtvig and the Origin of the "High Schools," page 123 - § 2. The Principles of the "High Schools," page 124 - § 3. Some Typical Schools, page 125.	

## JAPAN.

AND READJUSTMENT LAWS . . . . .	<i>Page</i> 128
Introduction, page 128 - § 1. Readjustment of Farm Land, page 131 - § 2. The Law of 1899, page 133 - § 3. The Law of 1909, page 134 - § 4. Results obtained by the Application of the Two Laws, page 137 - § 5. General Results, page 139.	

## RUSSIA.

COLONISATION IN FINLAND . . . . .	<i>Page</i> 142
§ Introduction, page 143 - § 2. Home Colonisation under the Immediate Direction of the State, page 144 - § 3. Home Colonisation Encouraged and Supervised by the State, page 147 - § 4. State Supervision of the Technical Instruction of the Settlers, page 156 - § 5. Conclusion, p. 157.	

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## Part I: Co-operation and Association

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### AUSTRIA.

#### REGIONAL ORGANIZATION OF AGRICULTURAL CO-OPERATIVE SOCIETIES.

by DR. OTTO NEUDOERFER, *General Inspector  
of the General Federation of Agricultural Co-operative Societies, Vienna.*

##### I.—AGRICULTURAL CO-OPERATION IN THE GERMAN PART OF STYRIA.

Co-operative personal credit was organized later in Styria than in neighbouring provinces of Upper and Lower Austria. In Styria, introduction of Raiffeisen Banks was due to the local Provincial government, which began to occupy itself with the foundation of banks of this kind in 1893. Each new bank received a loan of 400 crs. out of Provincial funds, not at interest, and repayable, half in three years the other half in five years, to enable it to meet the expenses of its establishment. Each of them further received, as initial capital, an not exceeding 4,000 crowns, at 3 %, repayable in ten years. The Provincial Commission undertook the supervision of the Raiffeisen Banks. For the purpose, it appointed as inspector an employee of the administration, who was instructed also to help in the foundation of the banks. He had, every year, to inspect them, and assist them with advice whenever required. In addition, a special handbook was prepared for the organization and administration of the Raiffeisen Banks, and every year a statistical report was published in connection with the working of the banks. At the end of 1900, when the Federation of Styrian Agricultural Co-operative Societies began its operations, more than 200 Raiffeisen Banks had been founded.

We reproduce from the statistical returns of the Provincial Commission in relation to the work of the Raiffeisen Banks, the following very

interesting figures for certain years. It will be seen that the work, rapidly extended, has been rich in good results and that the banks have been of very great advantage for the agricultural population of Styria.

Year	Number of Raiffeisen Banks	Number of Balance Sheets Examined	Number of Members	Amount of Shares	Deposits	Loans	Net Profits	Res. Fund
1895	37	27	2,797	53,683.34	373,736.48	405,694.34	5,619.40	740
1900	201	185	18,274	337,690.22	7,103,835.21	5,817,984.09	44,946.12	133,86
1905	252	251	27,343	307,180.00	16,975,698.44	13,540,711.59	59,968.69	373,14
1910	293	292	35,907	618,054.00	31,931,730.34	23,878,008.24	110,188.49	836,02

The comparatively rapid progress made by the Raiffeisen Banks made the need felt, already about 1890, for the establishment of a special office for the centralisation of their business, in order to organize their work on a larger scale. This need led in 1900 to the foundation of the *Federation of Styrian Agricultural Co-operative Societies*, (1), under the form of a recognised limited liability co-operative society, with headquarters at Gratz. The object of this federation was, in the first place, to establish a certain equilibrium among the available funds of the Raiffeisen Banks united in it and to inspect all the affiliated societies dependent on it. Further, in conformity with its rules, the Federation had to discharge the functions of an intermediary for the supply and sale of farm requisites and agricultural produce. It had also to occupy itself with everything affecting its members. In short, all business, formerly coming within the department of the provincial commission and still to-day dealt with by the provincial authorities in Upper and Lower Austria was henceforth to be treated by the new Federation. For the foundation of this Federation, the province granted a credit of not more than 400,000 crowns at 3 %. Then, the Province and the State each gave a subvention of 5,000 crowns, free of all charges. In addition, the Province placed 10 of its employees gratuitously at the disposal of the Federation to enable it to begin its work of inspection.

Already, 110 co-operative societies, of which 106 were Raiffeisen Banks and 4 other agricultural co-operative societies, took part in the constituent meeting of the Federation, held at Gratz, on October 8, 1900. In succeeding years, the number of members rapidly increased. Already, in 1901, the I. R. Agricultural Society of Styria (2) with

(1) *Verband der landwirtschaftlichen Genossenschaften in Steiermark.*

(2) *K. K. Landwirtschaftsgesellschaft in Steiermark, Gratz.*

ers at Gratz, had been affiliated. We may see the increase in the number of members of the Federation in the following table:

Years	Raiffeisen Banks	Co-operative Credit Societies, Schulte-Delitzsch System	Agricultural Co-operative Societies	Agricultural Unions	Central Associations	Total
01 . . . . .	156	—	12	6	1	175
02 . . . . .	186	—	23	6	1	216
03 . . . . .	200	—	27	7	1	235
04 . . . . .	213	—	36	8	1	258
05 . . . . .	231	—	40	8	1	281
06 . . . . .	252	—	42	7	2	303
07 . . . . .	261	—	49	7	3	320
08 . . . . .	270	2	53	7	2	334
09 . . . . .	272	2	59	7	2	342
10 . . . . .	277	2	66	7	4	354
11 . . . . .	281	2	72	7	5	367

As the capital and goods accounts were completely separated in it is possible to give the fluctuations in the capital as follows:

1905 . . . . .	crowns	21,073,904.82
1906 . . . . .	"	29,253,983.66
1907 . . . . .	"	33,653,677.36
1908 . . . . .	"	37,230,734.92
1909 . . . . .	"	40,293,337.68
1910 . . . . .	"	43,831,058.96
1911 . . . . .	"	41,706,017.72

At the end of the working year 1911, the deposits amounted to the following sums:

Deposited by 145 Loan Banks . . . . .	Crowns	8,255,852.17
" 5 Agricultural Co-operative Societies . . . . .	"	2,793.94

Total . . . . . Crowns 8,258,646.11

The average deposit per Raiffeisen Bank was therefore 56,937 crowns. The situation at the end of the year was as follows:

in 136 Raiffeisen Banks . . . . .	Crowns	4,292,817.61
in 81 Agricultural Co-operative Societies . . . . .	"	1,310,985.43

Total . . . . . Crowns 5,603,803.04

On an average, per Raiffeisen Bank . . . . . 31,565 —

From the commencement of its operations up to January 1st., 1911, the Federation had always given 4% interest on deposits with it and asked 4½% on credits granted by it. The maintenance of this rate in spite of the considerable reduction of that of the market, was a financial sacrifice for the Federation, to which it, however, consented, in view of the conditions of the province at the time and above all in recognition of the great advantage of an invariable rate of interest.

On January 1st., 1911, the Federation felt itself compelled to raise the rate on deposits to 4¼% and that on credits to 4½%. This increased interest did not produce the expected results. It was not calculated to attract new deposits, nor to reduce the applications for credit. The Federation, which had most of its capital invested at 4¼%, in this way again suffered a loss. So it decided, on July 1st., to reduce the interest on deposits again to 4% and that on credits to Raiffeisen Banks to 4½% while it maintained the rate of 4½% on credits to agricultural co-operative societies. The fact determining it to take this latter decision was that, as the Raiffeisen Banks by virtue of their office furnished copies to the Central Bank, their unlimited liability placed them in a position to offer much safer security for the credits they applied for than the of agricultural co-operative societies.

The Central Bank of the Federation had, by December 31st., 1910, invested a total amount of 2,243,274 crowns 67 out of its capital in easily realisable securities. In this sum we must include a credit of 1,255 crowns 80, lent to the Province of Styria in current account.

It is also interesting to observe that in 1911 the Federation assisted the formation of the German Land Bank for Austria (1), founded this year at Prague, by a contribution of 40,000 crowns. The foundation of this bank originated in a proposal of the State, about the same time which was not, however, realised, for the foundation of a central Austrian bank for the co-operative societies of the Empire, the object of which would have been to act as a clearing house for the Federations. Since this attempt failed, it became necessary for the Federation to take precautions for cases in which it might have need of capital.

The foundation of the Federation of Agricultural Co-operative Societies also led to the success of the organization of the collective purchase and sale of farm requisites and agricultural produce. This result was speedily realised. Before the foundation of the Federation, the co-operative societies for livestock improvement and the keep of bulls, which had been founded in 1898, thanks to the action of the provincial commission, were the most prominent. Up to 1909, eight societies had been formed for livestock improvement and thirteen for the keep of bulls. They manifested their activity, by, amongst other things, obtaining excellent breeding stock and selling animals of good quality. They obtained really important results. At the end of 1911, there were already in Styria 82 societies for the keep of bulls with 2,223 members. In

(1) Deutsche Agrarbank für Österreich.

sities had 7,122 registered cows and heifers and 123 bulls. The profits realised by them amounted in 1911 to 28,850 crowns 73. With the exception of two, all these societies affiliated to the Federation are subject to the supreme control and inspection of the province; the latter has appointed a special officer for the inspection of livestock. There were, besides, at the end of 1911, 24 horned cattle improvement and 12 horse improvement societies. The former had 4,215 members and the latter 117. These societies were all members of the Federation of the Styrian Co-operative Societies.

*Co-operative Dairies* are not so numerous in Styria. The oldest, and, at the same time, the most important of them, is the *Premier Styrian Co-operative Dairy* (1), with headquarters at Gratz. It now bears the name of *I. Styrian Dairy at Gratz* (2). Its foundation dates from 1879. Its beginnings were modest, but it has now become an important business.

At the end of 1911, this society had 96 members, with 80,160 shares. The amount of milk supplied was 2,494,313 litres. The sale of this milk brought in an average gross amount of 26 heller 12 per litre; and after paying expenses, 21 heller 15 per litre. This society has 27 branches and 24 store houses.

In addition, there were in Styria, at the end of 1911, five other co-operative dairies, the most important of which was founded at Kötsch in 1900. At the end of 1911, it had 254 members; it had been supplied with 1,149,000 litres of milk.

The three *co-operative cheese factories* at the end of 1911 had altogether 85 members. They had treated 941,181 litres of milk.

Before the foundation of the Federation there were only 2 *co-operative societies for the making and storing of wine* (3). Up to that date they had scarcely been able really to carry on their business. At present there are four of these societies in Styria, all affiliated to the Federation.

Among the other agricultural co-operative societies in Styria, there are also 2 co-operative warehouses, one of them a co-operative storehouse for hops, then a co-operative society for the sale of fruit, one for the selection of seeds, 3 for viticultural education, 2 co-operative mills, 10 societies for the sale of livestock, and 8 purchase and sale societies.

As we have already indicated, the foundation of the federation facilitated the organization of co-operative purchase and sale societies. In fact, it has occupied itself quite specially with this form of co-operation. As a consequence of the foundation of the central bank of the Federation, the agricultural co-operative societies were able to obtain the necessary capital for their work, so that, on the one hand, the number of these societies continually increased and, on the other, their activity only became more intense.

(1) *Erste steirische Milchgenossenschaft in Gratz.*  
 (2) *I. steirische Molkerei in Gratz.*  
 (3) *Weinbau- und Kellergenossenschaften.*

Most of the agricultural co-operative societies thus founded are affiliated to the Federation of Styrian Agricultural Co-operative Societies. At the end of 1911, the Federation included altogether 72 societies with 6,761 members, or:

2 Co-operative Warehouses and Storehouses,		
6	"	Dairies, .
3	"	Cheese Factories,
4	"	Wine Societies,
2	"	Societies for the Keep of Bulls,
36	"	Livestock Improvement Societies,
8	"	Purchase and Sale Societies,
1	"	Society for the Sale of Fruit,
1	"	" Selection of Seeds,
4	"	Societies for Instruction in Viticulture,
2	"	Mills,
3	"	Societies for the Sale of Livestock.

As soon as founded, the Federation began to occupy itself, with the purchase of farm requisites. Attracting to itself the agricultural co-operative societies, and in a quite special manner, the Styrian Agricultural Society (1), the Federation found its business of this kind becoming every year more considerable.

The following table shows the yearly increase in its business, in respect to goods supplied by it to its members.

Years	Goods Bought		Goods Sold
	Crowns	Crowns	Crowns
1901 . . . . .	Crowns	84,572.85	Crowns 179,383.18
1902 . . . . .	"	330,465.66	" 304,085.87
1903 . . . . .	"	548,662.88	" 576,582.08
1904 . . . . .	"	497,496.54	" 493,180.35
1905 . . . . .	"	702,124.36	" 653,064.72
1906 . . . . .	"	757,605.36	" 763,840.66
1907 . . . . .	"	1,289,139.67	" 1,331,941.76
1908 . . . . .	"	1,289,889.89	" 1,268,021.—
1909 . . . . .	"	3,403,472.20	" 3,182,021.—
1910 . . . . .	"	1,870,575.85	" 2,160,550.54
1911 . . . . .	"	2,033,981.78	" 1,170,602.—

The large increase in goods business of the Federation in 1909, due chiefly to its having, at that period of scarcity, to supply the Government with hay and straw.

(1) K. K. Landwirtschaftsgenossenschaft in Steiermark.

The organization of the sale of the produce of members was far more difficult than that of the purchase of farm requisites. However, in regard to this, the Federation has up to the present only good results to show. From the first, the Federation was specially anxious to create a market for its members' wines. In the beginning of 1903, the Federation was engaged for the supply of wine to the charitable establishments, hospitals and asylums. In 1903 also it bought a building for a wine store: it established a large storehouse in it. It was also able to constitute a stock of wine made by its members in the various parts of the province, and was in a better position to sell the wine. The action started by the Federation in this direction was still further facilitated by the fact that the Provincial Commission charged the Federation to found a model Provincial Wine Society. This Commission had already proposed to bring the design into its programme. In this way, it interested its markets for the natural wines of its members. The results obtained by this wine society have been excellent. The following quantities of wine have been sold:

1901 . . . . .	litres	3,222
1902 . . . . .	"	31,911
1903 . . . . .	"	245,641
1904 . . . . .	"	278,014
1905 . . . . .	"	328,656
1906 . . . . .	"	455,550
1907 . . . . .	"	540,703
1908 . . . . .	"	603,518
1909 . . . . .	"	561,525
1910 . . . . .	"	1,080,517
1911 . . . . .	"	1,197,537

The Federation has also successfully undertaken the co-operative sale of fruit. In fact, on September 1st., 1901, it undertook the management of the branch for the sale of fruit, founded by the Central Styrian Association of Fruit Growers. This branch for the sale of fruit, the principal object of which was the sale of its members' fruit, every year gave better results. In 1911, it sold 245,957 kgs. of fruit for an amount of 317 crowns 94. After paying expenses, it could return to the fruit growers 54,450 crowns 23.

In 1910 the Federation founded a branch for the sale of livestock, but to the present it has not derived any considerable material profit from it. However, the moral success of the work is not to be despised, in Styria, as in other countries, the result of the foundation of these co-operative societies has been to make the merchants raise their prices. This action in favour of higher prices, the society for the sale of live-

stock has realised the most important of its aims both for the present and the future.

In spite of the success obtained up to the present, the Federation of Styrian Agricultural Co-operative Societies has still many matters before it to which to devote its great and beneficent activities. Its principal duty is to labour for the extension of its work of supply to its members, as well as that of the sale of their agricultural produce. The rural population of Styria has already learned to appreciate the successful efforts of the Federation, and, it is to be hoped that, through its effort and its action, Styrian agricultural association, the greatest strength of which is precisely concentrated in this society, will successfully accomplish the task the realisation of which it perseveringly pursues.

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## KINGDOM OF HUNGARY.

### THE LAW ON COLLECTIVE UNDIVIDED PASTURE LAND AND THE PASTURAGE ASSOCIATIONS.

#### SOURCE:

*Act*, Official Organ of the "Hungarian National Agricultural Association", Budapest.  
No. 2,165, December 4th, 1912.

The Minister of Agriculture has recently laid before Parliament a bill  
on Collective Pasture Land.

The first paragraph makes it compulsory for those persons to form  
part of a pasturage association who possess pasture land in the domains  
formerly held collectively by the serfs and in the collective estates of the  
les, pasture land that at the date of restriping was considered collect-  
undivided property and such as has been acquired, formed or im-  
ped by the help of the State.

The Minister of Agriculture may also arrange that the co-proprietors  
of collective pasture land formed at the date of the settlement or  
distribution of the land be compelled to associate at the request of the  
jury calculated in accordance with the value of their land, or of the  
jury of the court, or the inspector of agriculture, if the formation of  
association is advisable for the requirements of livestock improvement  
in account of the large number of land holders.

Finally, at the request of at least two thirds of the co-proprietors,  
Minister of Agriculture may place at the disposal of the association  
a collective pastureland for which association is advisable in the interest  
of livestock improvement, belonging especially to small proprietors and  
located in at least ten farms.

The legal procedure for the formation of this association is regulated in  
the bill according to the forms laid down in the second chapter of Law IX  
of 1898 on Forestry. The bill establishes the indispensable legal guar-  
antees and leaves it to the administrative authorities to settle the fund-  
mental rules.

The association enjoys its legal status as soon as it has been founded and approved by the Minister of Agriculture ; it may enjoy the rights by the law and undertake obligations and appear as plaintiff or defendant in court.

The association must aim at the defence of the interests of the co-proprietors of the pasture land, and the development and improvement of their livestock farming.

It may take one of two legal forms. If the share of each holder is not separately registered in the land register, the association owner's rights over the pasture land from the moment of its formation these rights must be registered in its name.

The same is the case when the landholders' shares are registered in the land register without the other real rights that may be registered, two thirds of the co-proprietors, — with the approval of the Minister of Agriculture — assign owner's rights over the collective pasture land to the association itself.

In all other cases, collective pasture land administered by association does not become their property, but remains the collective undivided property of the joint proprietors.

As we shall see, the difference between these two legal forms appears especially in the exercise of the right of disposing of the property ; in these cases the bill guarantees to the association, as representing its members, the right to dispose of the land indispensable for the good administration of the collective real estate.

This right extends beyond the management and administration of the collective pasture land, since the association — with the Minister's authorisation — may sell the whole or part, exchange it for other pasture land, burden it with mortgages and real charges, within the limits established by the law, and in case of expropriation pass a contract for the same.

But the Association can only arrange loans with the consent of the Minister and exclusively for improvement or for utilisation of the pasture land or for its extension or for other employment of it in the interest of livestock improvement.

The members enjoy the rights of ownership over and the use of the pasture land to administer which the association was formed. These rights may only be transferred by deed passed between living persons through the intervention of the association.

The association must refuse to intervene when, in consequence of a deed, more than a fourth of all the shares would come into the hands of a single person, or when the deed would entail a redistribution by which the associate would be prevented from the independent enjoyment of the pasture land.

In case of such transfer, the association, and, in its stead, the Commune and, lastly, the State, has preference rights over any potential purchasers.

The associate in whose behalf the association refuses to intervene when transfer is asked for, may cease his contribution.

The bill contemplates in all its details the case in which recourse be had to legal execution in reference to the members' rights of enjoyment.

Every member, in proportion to his contribution has a right, in accordance with the rules, to the enjoyment of the common pasture land, and a share of the capital of the association, in case of an eventual division. Transfer of the right of enjoyment may be limited in the rules so that members and the local inhabitants may have preference over any other.

If the pasture land more than suffices for the members' needs, the association may, for compensation ; 1st., authorize small proprietors who possess insufficient pasture land to graze the greater part of their livestock's pasture land; 2nd., place the pasture land at the disposal of small masters who are not members who live in the district of the association or its vicinity, when the assistance so afforded them is for the public benefit.

The bill establishes very precisely the manner of determining the contributions to be paid by the members, the charges to be paid for the use of the pasture land, the investment of the profits, the formation of a reserve fund and the investment of the extra profits (sale of wood, lime, stones, pebbles and sand).

The general principles for the administration of the capital of the society must be established in the rules ; those for the use to be made of the pasture land in the pasture land register.

Further, there must be compiled a list of members in which all changes must be shown as they occur. The bill regulates in detail the compilation of the rules, as also of this list and precisely determines the sphere of action and the work of the General Meeting and of the Council of the Society.

If in the association there are no such bodies it must confer the powers of the Council on the communal administration as far as regards its representation and the carrying out of its decisions, and confer on the communal council the powers of the General Meeting, with some reservations. Important decisions of the General Meeting can only be carried out with the approval by the Minister of Agriculture.

If the Association does not fulfil the obligations imposed on it, by law, the Committee of the Public Administration may entrust the management of its affairs to the communal administration.

Appeals against the decisions of the General Meeting are brought before the above Committee, and, in the last instance, must be heard by the Minister of Agriculture.

The association works under the supervision of the Committee of the Public Administration and of the Minister of Agriculture.

The authorities entrusted with its supervision may at any moment enter into the conduct of its business, and the good management of the society. The Society may be condemned to pay a fine of from

10 to 1,000 crowns, if omissions or irregularities are discovered in a book.

If necessary, the Minister of Agriculture may delegate a commission as administrator of the society.

The functions assigned by the law to the Committee of Public Administration shall be discharged by an agricultural sub-committee.

Let us finally observe the provision in the bill by which the Minister of Agriculture may expropriate pasture land of the former serfs indicated in the law, and again pasture land on some noble estates in order to transform it into 'collective' municipal pasture land, when the interest of the Committee requires it. There is also an important provision which those associating for the purpose of renting for at least ten years collective pasture land through the medium of the Hungarian National League of the Land Credit Institutes must form themselves into an association in accordance with the proposed law.

## ITALY.

### I.—MISCELLANEOUS INFORMATION.

— THE FOURTH NATIONAL CONGRESS OF CO-OPERATIVE DAIRIES. — Congress was held at Cremona, on the 17th. and 18th. of last September, initiative of the *National Union of Co-operative Dairies* (Piacenza). the local agricultural institutions. After the inaugural discourses of Vittorio Alpe, President of the Union, Dr. Moreschi, General ger of Agriculture, representing the Minister Nitti and the Hon. Giovanni Rainieri, the Hon. Massimo Lamoggia and Dr. Ercole Bassi red a report on the taxation of co-operative dairies, a matter of lost vital importance for these societies. The reporters, after a bservations of a legal character, entered upon the discussion of a tion asking the executive and, if need be, the legislative authority to take the necessary steps in order that the co-operative dairies be recognised exempt from income tax on that part of their re which is returned to their members in proportion to the amount lk contributed, provided these dairies confine themselves to treating milk of the cows of the members themselves and that, in the case ese that, by reason of their equipment, are compelled to obtain ional milk, the tax be limited to the profits from this. The re on was carried unanimously.

Prof. Giuseppe Fascati then reported on the Italian export trade in products, and Professors A. dall'Aglio and E. Tosi on itinerant in ion in cheesemaking and co-operation in cheesemaking. On the last of a resolution was presented in which, after considering the advant- f extending good principles of cheesemaking and dairy co-operation in alities in which the conditions of agriculture and livestock improve- are favourable to the production of milk, desire was expressed that might be instituted, by means of specialised itinerant propagandists, alar system of instruction in cheesemaking and co-operation in cheese- g, with the object of rapidly promoting its progress ; and that the organizations contribute in support thereof permanent amounts, sively added to by the State.

Finally, the Congress proceeded to fix the place at which the 5th Congress should be held; and Novara was chosen for the purpose (1).

(Summarised from the *Casellaio Moderno* (Modern Cheese-Making), organ of the National Union of Dairy Societies and Co-operative Districts, Piacenza, No. 21, November 1st, 1912).

2. — A CONGRESS OF AGRICULTURAL CO-OPERATIVE SOCIETIES. — A Congress was held last October in Sicily, at Palermo, on the initiative of the *Caltanissetta Federation of Co-operative Societies*, the advocate Filippo Lo Vetere being in the Chair. Various matters of interest for the co-operative societies were treated, especially those in connection with *latifondi* and collective farming recently discussed (2) at the Congress in Rome (September, 1912). After a full discussion, the Congress approved a resolution proposed by Comm. D'Amico, in favour of the establishment of an independent Sicilian land credit institute to provide the means, not only for the ordinary working of the farms, but also for permanent improvements and place the societies in a position to proceed to the purchase of *latifondi*, in the interest of the associated labourers, and to their transformation in the interest of the national economy. A second resolution proposed by Advocate Lo Vetere was therefore approved, in which, seeing that the desired institute could hardly alone provide all the capital required for the above transformation, and that a strong capital society might advantageously complete its work, appeal was made to larger banking institutions, to promote the foundation of a "Sicilian Rural Land Institute," which, enjoying the benefits and the guarantee of the law for the Southern provinces, should work actively and energetically in favour of the formation of long leases and of agricultural holdings.

A resolution proposed by the Hon. Signor Colajanni was also approved, the object of which was to determine and regulate the formalities in concession of *latifondi* and the relations between the landowners and co-operative societies.

Finally, the Meeting, after hearing the report of Prof. Dilibio on the advisability of founding mutual cattle insurance societies, approved a resolution, expressing the hope that the Bank of Sicily may make a grant of credit for the purchase of livestock and advances on produce conditional on the insurance of the cattle and the produce.

(1) According to communications made to the Congress, the Dairy Societies Co-operative Districts in Italy are 1,075, distributed in the various regions as follows: Sicily 426, Piedmont, 282, Lombardy, 238, Emilia 96; Central and Southern Italy 21, Islands, 10, Liguria, 5, Apulia, 11, Marche, 11, Molise, 1, Abruzzi, 1, Molise, 1, Apulia, 1.

(2) See in this connection, the *Bulletin of Economic and Social Intelligence*, November, 1912, p. 50.

3. — THE APULIAN VITICULTURAL CONGRESS. — The *Italian Farmers* <sup>11</sup>, alarmed at the constant increase of phylloxera in the Apulian provinces, the principal source of the wealth of which is seriously menaced, deemed it necessary to assemble a special congress of those concerned in the discussion of the most suitable measures to arrest the progress of the infection and to limit the economic losses caused by it. In about 100 hectares of vineyard in Apulia, it is calculated about 85,000 are dead (57,000 in the Province of Bari and 28,000 in that of Lecce), of which 28,000 are already almost entirely destroyed: the Province that suffered least is Foggia (1).

The presence of phylloxera in the region was ascertained in 1899, <sup>12</sup> the discovery of two centres at Santeramo and Cassano Murge (Bari). The Minister of Agriculture, after ordering their immediate destruction, <sup>13</sup> due to the seriousness of the situation, called a meeting at Bari, of the representatives of the Communes concerned, in order to establish the measures to be taken against the threatened danger. In this meeting — it is well to mention for the better understanding of the resolutions passed at the Congress — two opposite tendencies declared themselves: some held the advisability of constituting compulsory local consortiums, in the individual communes or groups of communes, for the purpose of exercising most rigorous supervision of the vineyards; others, again, declared themselves opposed to such consortiums, maintaining that the responsibility in the fight against phylloxera must be left to the Government and the assistance, at most, of the persons interested. And, since it was easy to agree, it was decided to entrust a commission, composed of the authoritative representatives of the two tendencies, with the duty of formulating conclusions to be laid before the Government.

These conclusions included the principle of compulsory local consortiums; a proposal for the institution of a provincial committee representative of these consortiums in each of the three provinces; the request that the supervision of the antiphylloxera service should be assumed by the Government, which should appoint a royal commissioner in every province, to direct the whole work of supervision, destruction and reconstitution of vineyards. And further it was requested that the work of supervision and defence be entrusted to special technical Government delegates. These conclusions inspired the bill presented in November, 1899, in the Chamber by the then Minister of Agriculture, the Hon. Signor Salandra. The legislation on phylloxera in Italy up to that date was summed up in the law of March 4th., 1888, which only charged the State, <sup>14</sup> sometimes assisted by the Provinces, with the expenditure for exploration and destruction of infected centres, almost without concerning it-

All together, according to the official data, the three provinces produced about 12 quintals of grapes in 1909, reduced to a little more than 5,000,000 in 1910, in again to almost 8,000,000 in 1911, and not exceeding 6,000,000 in 1912.

self with prevention. The Salandra bill aimed at filling the gaps by moving and regulating the constitution and the working of compa consortiums of viticulturists. They were to enjoy absolute independence, being founded, managed and supervised by farmers only.

The State reserved to itself the supervision of the execution of law and the chief management of the antiphylloxera service, which Apulia would be in the hands of a Royal Commissioner, assisted by technical delegates. In spite of the early presentation of this bill, the law on the institution of consortiums for defence against phylloxera in the provinces of Bari, Foggia and Lecce, only dates from June 6th, 1901, the corresponding executive regulations, from March 1st, 1902. In another law was promulgated on the institution of consortiums, voluntary and compulsory, for the defence of viticulture, with the object of extending to other regions of Italy the provisions already adopted for Apulia.

The objects of these consortiums are precisely specified, namely vigilance against the extension of phylloxera and the carrying out of measures of defence in the district of the consortium, the exploration of yards to ascertain the eventual existence of infection; the institution of nurseries for the reconstitution and plantation of new vineyards; diffusion in writing and by means of lectures of information in relation to phylloxera and the use of the vines that best resist it.

For the realisation of these aims provision is made by means of contributions of the farmers united in consortiums, amounting to not more than one franc per hectare of vineyard (2), and the Government subsidises.

The Consortiums are managed by a Commission appointed by landowners, and a provincial commission, part appointed by the Minister of Agriculture and part by the Provincial Council. Their technical manager is a special delegate, paid by the Government, and dependent on the Royal Commissioner. In the province of Bari 35 of these consortiums have been founded, in that of Lecce 12 and in that of Foggia 6.

In ten years their action has been exerted in the exploration of part of the district of the consortium and the destruction of centres of infection, where it is recognised advisable. The consortiums, in addition to their plantations of parent plants, prepared and sold cuttings at a price to viticulturists belonging to the consortiums; they distributed to them free of charge a part of their grafts; founded practical schools for grafting vines; and acted as consulting offices for viticulturists.

Let us now consider the resolutions approved at the Congress, its three sittings at Cerignola (Foggia), Bari and Lecce, from the 1st to the 22nd. November last.

In the first, among other things, it was voted: (a) that the two experiments made in the province of Foggia, to show what results may be obtained by a fight against phylloxera conducted on scientific lines and,

(1) On the subject of phylloxera in Apulia, see the article of S. Molinari in *"Giornale di Agricoltura della Domenica"*, Piacenza, no. 46, November 17th, 1912.

(2) The above law of 1907 leaves the Commission appointed by the Consortium to fix the amount of the contribution.

how far the destruction of infected vines should be carried out scientifically under the direction of technical experts and with the intervention of representatives of the Federation of Consortiums; (b) that information with regard to defence against phylloxera should be diffused among armeni and proprietors, so that each one may take an active part in fight; (c) that insecticide should be distributed free of charge or at reduced price to those who intend to destroy the small centres of infection discovered; (d) that persons competent in the administrative and financial field should organize a *Land Supervision Society*, to assist, with the necessary guarantees, the work of reconstitution of the vineyards, as for the large as for the small farmers; (e) that the cultivation of American vines be extended and the number of experimental vineyards increased.

In the meeting at Bari likewise important demands were formulated, namely: (a) that the Government should supply American vines in quantity to the consortiums, in order that these should first of all facilitate the titution of plantations of parent plants by private landowners and distribute the cuttings for grafting to farmers, who wish to form graft-stations on their own farms; (b) that the Government grant the consortiums, for the enlargement of their nurseries, land out of the State domain, and, in default of these, expropriate for the public advantage land suitable for nurseries, and grant it, subject to certain charges, to the Consortiums; (c) that the Government increase its present subsidies so as to meet the balance of the expenditure of the consortiums, considering that the contribution of the members of the consortiums will diminish year to year until it ceases altogether when the vines are entirely grafted; (d) that the Government study the way in which the viticulturists may find capital at low interest, repayable at long dates in annual instalments; (e) that, with the purpose of postponing the complete destruction of the native vines and giving time for a progressive reconstitution of vineyards with American vines, the Government distribute sulphide of zinc free of charge for those vineyards where the fight against phylloxera may be continued with advantage; (f) that the individual consortiums be compelled to give account of the work done by them.

Finally, in the third and last meeting, at Lecce, among other things is demanded, (a) that those centres of phylloxera that threaten large areas considered immune be destroyed; (b) that reasonable and easy means of credit be organized for the reconstitution of vineyards; (c) that the action of the Consortiums be intensified and reinforced so as to enable them to obtain additional financial assistance from the State, enjoy greater independence, fulfil their essential duty of direction, by rendering the constitution of plantations on private farms, supervise the plantations themselves for the suitable selection of the plants, extend the necessary technical instruction among the peasants in order thus to create, in a short space of time, an extensive agricultural corporation.

(Summarized from *Agricoltura Salentina*, Organ of the Lecce Agricultural Comitio Lecce, November 11th, 1912; and *Bulletino della Società degli Agricoltori Italiani* Rome, n° 24, December 31st, 1912).

1914. — THE AGRICULTURAL MEETINGS AT VERCELLI. — (a) *The First Rice Cultivation Congress at Vercelli.* — This Congress, at which all the States in which rice cultivation is largely carried on (1) were represented, was held at Vercelli in the first half of last November. The subjects discussed were for the most part technical, and we shall content ourselves with mentioning them. Prof. Angelo Menozzi reported on the chemical and biological researches with regard to the soil and water suited to rice fields, the varieties of rice and their respective requirements.

Dr. Novello Novelli spoke of the importation, acclimatisation and selection of rice. Professors Vittorio Alpe, Giovanni Jacometti and Ercolano Ferri dealt with the fight against weeds in the rice fields, one of the most important problems in connection with the reduction of the cost of husbandry. The Engineer Guido Allorio dealt with the latest mechanical applications in this field.

The strictly technical questions being thus exhausted, Prof. Felice Lupino treated the subject of "Pisciculture in the Regions of Rice Cultivation." A resolution was passed in this connection asking, "Government, the itinerant agricultural lectureships, the Agricultural Commissions, etc., to promote and assist with advice and propaganda carp breeding in the Italian ricefields (2), as the beginning of a more extensive pisciculture in union with agriculture and the exploitation of the waters as productive of cheap and healthy food, for the advantage of the national economy." Signori Felice Lombardi and Carlo Sacchi reported on the export and home consumption of rice, expressing, amongst other desires, the hope that this produce will be exempted from town dues, and be granted facilitations on the railway when despatched from the centres of production to the Southern centres of consumption.

Prof. Senator Camillo Golgi then presented to Congress a learned report "on the improvement of the health of the labourers and on the preventive use of quinine in ricefields." It is necessary, he concluded, to ass the free supply of quinine to whoever has the right to it, intensify sanitary supervision, having recourse even to provincial commissions, revise lists of malarial districts and make suitable use of the proceeds from sale of State quinine.

(1) In Italy there are 144,500 hectares of rice fields, distributed as follows: 67,000 in Piedmont, 55,660 in Lombardy, 13,910 in Venetia, 7,140 in Emilia, 650 in Tuscany, 1,000 in Abruzzi and Molise, 10 in Campania, and 100 in Sicily. The total production is as shown in the returns of the Italian Agricultural Statistical Office was 4,792,200 quintals derived chiefly from Piedmont (2,031,900) Lombardy (2,068,300), Venetia (379,100) Emilia (295,800). The total value of the harvest was about 100,000,000 frs. In 1912 production was somewhat less, namely 4,595,000 quintals.

(2) The Lombard Agricultural Society (Milan) has for many years been active in this matter.

A useful addition to the Congress was the exhibition — inaugurated in presence of the Minister of Agriculture, the Hon. Signor Nitti, October 20th. — of everything relating to rice cultivation : agricultural machinery for the preparation of the soil, for sowing, reaping, threshing, etc.; collective and individual exhibits of rice, of manufactured products, drawings, reliefs, plans etc.

The next regional congress will be held at Bologna, and the next national Congress at Valencia (Spain).

(b) From the 10th to the 12th. November, there were successively at Vercelli, the *Meetings of the Italian Farmers' Societies*, for the discussion of the problem of irrigation and the *Congress of Fishing and Cultural Societies*.

At the first, on the proposal of the presenter of the report, the Hon. Giovanni Rainieri, a resolution was passed urging that the bill for the creation of reservoirs and the making of artificial lakes, due to the initiative of the Ministers of Agriculture and Public Works, the Hon. Signori Guidi and Sacchi, may soon become law.

At the second, desire was expressed for the exercise of greater security in connection with the grants of permits to fish in public waters for the imposition of a tax on fishing, the proceeds to be used for the maintenance of a special body of fishing guards.

Likewise, desire was expressed for the organization of professional men, with the further desire for the revision of the law on fishing in relation to the regions of rice cultivation.

(Summarised from *Agricoltura Moderna*, Milan, No. 21, November 15th., 1912, and the *Gazzetta Agricola*, Milan, No. 46, November 17th., 1912).

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. — THE THIRD AGRICULTURAL CONGRESS OF WESTERN LIGURIA. — Congress assembled on the initiative of the local itinerant agricultural lecturers together with the *Agricultural Federation of Western Liguria*, met on October 20th., at Porto Maurizio. Its object was the discussion of the more urgent problems of the district, amongst which of special importance are those of credit and irrigation. The Hon. Signor Giuseppe Canepa presented a report on the first of these subjects and induced the meeting to pass a resolution urging the farmers to constitute in every commune, fraction or group of communes, agricultural associations to act as intermediaries between their respective members and the independent institute of land credit for Liguria, founded by July 6th, 1912, and to be open to all agriculturists (landowners, farmers, métayers, etc.), to be preferably of co-operative form, societies of collective title; so that the above institute may, finding its work, a thick network of agricultural and rural banks and credit institutions, permitting it rapidly to attain the end for which it was instituted.

Other resolutions were passed, with relation to irrigation, extension of which will render possible a larger cultivation of flowers as well as of vegetables in Liguria, and in addition the commencement of the cultivation of flowers and plants for perfumes. In this connection, the Government was further requested to give facilities for supply of water for agricultural purposes and to encourage the formation of irrigation consortiums. Finally, Dr. Mario Zannoni dealt with compulsory consortiums for defence against parasites of the olive. These parasites, as we know, are doing serious harm to olive plantations in Liguria. Many communes of the province therefore recognise the necessity of including in their regulations some rules for fighting these insects and for the formation of the above consortiums. Congress, approving this beginning, expressed a hope for its extension, and also that the Government should take steps to facilitate the formation of such associations.

(Summarised from the *Bulletino della Società degli Agricoltori Italiani*, Rome, November 29th, 1914).

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6. — THE AGRICULTURAL AND LIVESTOCK IMPROVEMENT CONVENTION OF CITTADELLA (PADUA). — This Congress convoked by the Agricultural Comizio and Itinerant Agricultural Lectureship of Padua, held at Cittadella on October 27th. and 28th. Two matters were discussed at it, that of mutual cattle insurance and that of the direction given to the improvement of horned cattle. The Hon. Dr. Ed. Ottavi presented a report on the first of these subjects, together with the following motion, which was carried unanimously :

"The Congress of the Livestock Improvers of Cittadella, while aiming and recognising the incentive to livestock improvement that is given by the insurance of cattle against the accidents to which they are subject, expresses its desire that, through the instrumentality of the itinerant lectureships, the veterinary surgeons and agricultural associations, may be formed for livestock insurance; these associations must be based on the following principles: that they be formed and managed by the farmers themselves, be for strictly local areas, with the principle of fixed premiums paid in advance in proportion to the value of the livestock insured, with exceptional rates in cases of rearing; that they unite in a provincial federation which shall include all, supervise their work and provide for the partial reinsurance of their risks; the Provincial Federations must unite in one national federative body, completing the reinsurance and extending it, with the assistance of the State, to cases of epidemic disease. The Congress endorses the proposal, put forward at the Milan National Congress (1) for the speedy preparation of the law on agricultural mutual societies."

(1) See in this connection, *Bulletin of Economic and Social Intelligence* May, 1914.

Prof. G. Ceccabetti dealt with the second subject, giving an opportunity to the Congress to express its desire for the institution of small local associations among the livestock improvers, to be afterwards united in national federations.

(Summarised from "Il Raccolto", Padua, Nos. 21-22, November 15th-30th, 1912; and "Bollettino delle Società degli Agricoltori Italiani", Rome, Nos. 21, and 22, November 15th, 1912.)

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7. — ASSOCIATIONS FOR RIPENING AND SALE OF CHEESES. — In order that dairy produce may obtain for itself a position on the markets, it must possess a definite character. In respect to cheeses, for the establishment of the various types on the market, it is enough, as we know, that there should be no variation in form, weight, composition and colour, the proportion of fatty substance. For their convenient sale, it is necessary that they should ripen well. Now the operations necessary to satisfy these requirements are not always easy for independent dairies or individual producers, while, on the other hand, they may be profitably undertaken by special organizations (federated co-operative dairies), which unite their members' produce, examine it, if necessary, and parcel it out, in accordance with the technical result or requirements of the market, arrange for its ripening in suitable chambers and proceed to sell it at the right time; further, under one and the same management, supervise the manufacture and favour a uniform scientific method; and, finally, by means of their own agents sent to the principal markets of consumption, succeed in obtaining for themselves permanent markets, and coming as far as possible into direct contact with the consumers, which is the principal object of dairy co-operation.

This theory was recently developed at the National Dairy Congress, at Turin in 1911 (1). And something similar has already been attempted for the ripening and sale of cheeses by certain societies. Thus, the *Società Caricatori d'Alpi* of Morbegno, a regularly constituted society with a capital of about seventeen thousand francs, has built a collective cheese factory, for the ripening of Bitto cheese. Its objects

- (a) to collect and preserve the cheeses made by its members in simple storehouses;
- (b) to facilitate the sale of the cheese itself;
- (c) to promote the grant of advances in money, at low interest, by means of credit institutes, to members requesting it, on the security of the cheese deposited;

See in this connection the report presented to the Congress by Dr. P. Montanari on the "Association for the Ripening and Sale of Cheeses", Raggio Emilio, Printer's Co-operative, 1912.

to subvention undertakings for the extension of the cheese industry and of livestock improvement.

The Society further proposes to hold an annual show of cheese to improve them and to make double Bitto cheese known abroad and home by means of special publications.

In order to improve the manufacture of dairy produce it also holds prize competitions for the farmers and dairymen, gives cheese-making courses, organizes shows of cheese, availing itself for the purpose of technical and moral support of the itinerant agricultural lecturers.

The storehouses of the society can hold at least 2,500 cheeses. Members intending to make use of them must apply in writing and pay an amount of five francs in advance for a place for at least 50 cheeses, each of which shall bear the mark of the owner. With the application they must also declare whether they will themselves keep charge of the produce, directly or through the medium of their own employees, or the Society must arrange. The latter makes special charges for storage and has its own staff, consisting of a head storeman and various dairymen.

It does not yet undertake direct sale, but leaves the members free to make their own contracts, though it reserves the right of undertaking such sale later.

The Viterbo Society "Ovis" for Roman *pecorino* is another good example of a venture in the field of co-operative cheesemaking.

The great increase in the consumption of Roman *pecorino* in recent years, both in Italy and abroad, has revealed the necessity of improving the manufacture and the organization of the trade, and of preventing inferior imitations that common speculators are not slow in making.

Various Societies have arisen in Latium, the Abruzzi and Sardinia for the export of *pecorino* from special districts and for its ripening. The above society began its work with salting the cheese, first roughly in by the shepherds themselves, and now is directed to the by no means object of collecting and treating its members' milk in special co-operative dairies, so as to be able to place on the market a good unvarying type of cheese. As a guarantee for the consumer every cheese bears the word *romano* branded on it.

The "Ovis" has already a large number of members, and provides for the ripening of about three thousand quintals of *pecorino* of perfectly uniform character, sold at prices never before obtained by the members.

In the district of Reggio, it has several times been attempted to build a large warehouse for the ripening and sale of *Parmesan cheese* but up to the present without success.

In the field of butter manufacture, the work of centralising the production and trade in large co-operative organizations is certainly easier in view of the greater simplicity of the technical processes and the sale of the produce.

Let us give here a few examples:

The *Agordo Co-operative Dairy Society* (Belluno) is, without doubt most important example of the kind in Italy. Another institution, of small importance, the good organization of which, however, pros well, is the *Bergamo Federation of Co-operative Dairies*; it was founded in 1909, on the initiative of the Bergamo Itinerant Lectureship of culture, for the chief purpose of selling, on behalf of the society, the butter produced by the individual federated dairies and not sold by them; butter is sold retail directly on the different markets. The undering has met with a very favourable reception not only among the dairies but among all the agricultural institutions, so much so that Bergamo Agricultural Consortium has undertaken to do its book-  
ing and banking.

In 1909-1910, the Federation was able to close the accounts of the rated societies, paying, after deduction of all expenses, 2.77 frs. per gramme of butter delivered, and in 1910-11, the results being better, 3.04 frs. net. At the beginning of the 1911 season the dairies affiliated were 13.

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3.—THE INSTITUTION OF A “ COURSE OF INSTRUCTION IN CO-OPERATION AND AGRICULTURAL MUTUALITY ” IN ROME.—The *National Committee for Agricultural Mutuality* has taken an important step, initiating a series of lessons and lectures on co-operation, to be given in Rome, in October, 1913. The course will be inaugurated by Luigi Luzzatti and will be held in accordance with the following programme:

- (a) Legislation in behalf of Agricultural and Mutual Societies;
- (b) Agricultural Co-operative Purchase Societies, Agricultural Produce and the Purchase of the same;
- (c) Rural Co-operative Credit Societies and the Organization of Agricultural Credit in Italy;
- (d) Agricultural Co-operative Societies for Production and Sale of the Produce of the Soil;
- (e) Agricultural Mutual Societies and the Organization of Agricultural Insurance Societies;
- (f) Theory and Practice of Bookkeeping for Co-operative Societies for Agricultural Mutual Societies.

The lessons will alternate with lectures on the following subjects:

- (a) Livestock Improvement Associations;
- (b) The State Life Insurance Institute and the Development of the Insurance in Italy;
- (c) Agricultural Mutual Societies and the Fight against Epidemic Diseases;
- (d) Co-operative Societies for the Sale of Cattle.

The following will be admitted to the courses as students:

- (a) Holders of Certificates or Diplomas from the Higher or Technical Schools of Agriculture, Veterinary Surgery and Commerce;
- (b) Officers appointed to hold Agricultural Lectures for the Soil;
- (c) Normal School Teachers, Schoolmasters and Schoolmistresses;
- (d) Members of the Agricultural Institutions.

Any one will be admitted to attend the courses on application.

At the end of the course the pupils will be subjected to examination and those who pass will receive a special diploma.

By this means it is hoped to form a constantly larger number of carriers of the extension of co-operation and mutuality in the country as has already been done in Germany, Austria, Belgium, etc., when development attained by co-operation and mutuality is well known.

(Summarised from a Communication of the National Committee of Agricultural Co-operation, dated November 30th, 1912).

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9. — THE FORMATION OF THE ITALIAN FEDERATION OF SMALL FARMERS. — The Italian Federation of Small Farmers was founded at last November. According to the first article of the rules, its object is to "improve the economic and social condition of the class, to represent and defend its interests, and to provide for its instruction; to form a fund for mutual assistance, to reinforce the spirit of mutuality and co-operation and to give support to its manifestations and promote the reforms and voluntary undertakings best adapted to provide favourable conditions for its existence, extension and progress."

Especially is it proposed to treat, in meetings, publications, lectures and mémorials, the problems of fiscal relief and agricultural reform, even promoting for the purpose the formation of a parliamentary committee of small farmers' friends.

The Federation includes among its sections the provincial and district associations of the class and also admits tenant farmers on condition whose interests are for the most part the same as those of the small farmers.

(Summarised from a Communication from the Federation, dated December 4th, 1912).

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10. — SMALL FARMS. — The Fifth National Congress of the Italian Radicals, held in Rome last November, had, among other matters, to do with the problem of small farms. It approved the motion of the Hon. Dr. Ugo Patrizi, in which, considering first of all that small farms are a necessary economic factor in the utilisation of land the yield of which is small, and of such land where machinery cannot be applied and

s need of constant labour, not of chance labourers, but of those interested or having a joint interest in the land; considering further visibility of promoting in this way intensive cultivation in places most sterile owing to the system of latifondi; desire was expressed: that a reform of the taxes exempt — at least from State taxation — small incomes, provided the farmer cultivates his own farm himself; that small farms be encouraged and protected by legislative provisions regulating and extending agricultural instruction, credit, cooperative system of long leases, the "*homestead*," etc.; together with a programme of agricultural politics for the rapid increase of farm size making it possible and profitable for the well intentioned to by means of intelligent labour the resources still latent in the soil.)

(Summarised from *Rivista Agricola*, Rome, no. 171. November 16th, 1912).

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1. — **ITALIAN FARMERS' SOCIETY.** — The Board of Management of the society, in its session of October 30th., 1912, approved a rule for the election of special consuls in the various agricultural centres, without regard to the number, and a general consul for every provincial capital. The other duties they must: (a) offer the provincial members opportunity for meetings for agricultural purposes, organize educational journeys and excursions, in agreement with the central management; (b) keep in touch with the local agricultural associations and institutions, working in common accord for agricultural progress; and (c) assist the Roman Society in the organization of congresses, shows or other manifestations of agricultural activity in the various provinces.

(Summarised from *Bollettino della Società degli Agricoltori Italiani*, Rome, no. 21, November 15th, 1912).

) The same congress, when, dealing with social legislation, expressed the desire that the compulsory principle be adopted in connection with industrial, commercial and agricultural workmen's sickness and old age pensions and that provision be made for the payment of this insurance on the system of contributions from the workman, the employer and the State.

**2. — PUBLICATIONS OF RECENT DATE ON AGRICULTURE CO-OPERATION AND ASSOCIATION IN ITALY.**

(a) PUBLICATIONS OF THE FEDERATIONS AND ASSOCIATIONS:

ATTI DEL TERZO CONGRESSO NAZIONALE delle latterie sociali e co-operative e del convegno nazionale della mutualità agraria (*Proceedings of the Third National Congress of Dairy and Co-operative Dairies and of the National Agricultural Mutual Meeting*): Udine, 20th., 23rd.-1911 (Associazione Agraria Friulana), Udine, G. Seitz, 1912.

BANCA COOPERATIVA DI CIVIDALE. Il suo XXV anno di esercizio. Storia dei suoi venti anni. (*Cividale Co-operative Bank. Its 25th., Working Year. History of its Five Years*). Cividale, F.lli Stagni, 1912.

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## Part II: Insurance

### FRANCE.

#### 1. THE NATIONAL PENSION FUND.

##### SOURCES:

of M. Chéron, Deputy, on the General Estimates for 1913.

ersons insured, whether compulsorily or voluntarily, in accordance with the law of April 5th., 1910 on Workmen's and Peasants' Pensions, enjoy, together with the advantages afforded by this law, also those enjoyed by the laws of 1886 and 1895 on the National Pension Fund. The article in this bulletin, dealing with the 1910 law (1), therefore need only a supplementary article on the National Pension Fund, particularly as specialists in social insurance, in every country, manifest so keen an interest in the problem of combining the insurance of lump sums (ordinary insurance) with insurance of pensions, and voluntary with compulsory insurance. And for this article, it will only be necessary to reproduce the particulars from the very complete statement of the work of the National Pension Fund just made by M. Chéron, in his Report presented to the Chamber of Deputies on the Estimates for the year 1913.

##### § 1. THE INSTITUTION OF THE NATIONAL PENSION FUND.

is to the second Republic that the honour of having instituted the National Pension Fund is due. In fact, in response to the desire expressed in Article 13 of the Constitution of November 4th., 1848, for the encouragement of thrift institutions, the National Assembly appointed a labour committee from among its members for the study of social problems and the solution in the manner most conformable to the interests of the labour and of the State. This committee carrying out the programme laid out for it, presented two proposals, on February 19th., 1849, one for the organisation of mutual aid societies, the other for the formation of a National Pension Fund.

It was not without intention that the labour committee presented these two proposals simultaneously. As regards sickness insurance, in

See our numbers for July, 1911, p. 151, and February, 1912, p. 129.

fact, the mutual aid societies are the instruments best adapted for work. But, in the case of old age pensions, mutuality does not offer the same advantages. If it were a mere question of the use of a ready reckoner and ordinary office work, mutual aid societies might of course undertake it as well as any other institution ; but as all old age insurance implies & ate financial forecasts in accordance with the probable fluctuations in rate of interest in a long period of years and must above all permit of the of probabilities, calculated on the basis of large numbers, coming into play it becomes very difficult for mutual societies, the adherents, of which however prosperous the society, are always too few for the elimination of all errors in the calculation of mortality.

Again, if in sickness insurance business there is no large accumulation of capital because the receipts and expenditure as a rule have to balance each other, it is quite otherwise in pension business, in which, the institution insuring, having almost nothing to pay in the early years, may be tempted to be too liberal in its pensions at the start, to the detriment of the young generations who will only receive theirs at a remote date.

For this reason, the labour committee decided that the pension instead of being given by the societies, should be insured by a large establishment which, as it would insure many persons, might be certain of the above law of probabilities coming into full play.

"The State alone," says the report, "by its power and the extent of the resources at its disposal, is perfectly fit to accomplish the work. On it occupies too high a position for it to be accepted as general insurer of all professions ; it alone can give the parties insured the most favourable conditions, because the working expenses would necessarily be less for than for private societies and, on the other hand, there would be no shareholders to satisfy and no profits to be made on its own account. The object we aim at is the foundation of a State guarantee institution which, by a happy combination of the elements of association of the probable risks of mortality and the accumulation of interest, might insure, in return for irrevocable payments, an old age pension, calculated upon the amounts paid, in accordance with the necessarily rather remote date for drawing the pension."

This institution was founded by law of June 18th., 1850, which, according to the expression of Bastiat, inaugurated "a solemn era in the annals of legislation."

It was before all things an essentially democratic institution and to maintain its character it was decided that no person could be insured for more than 600 francs. It was first thought that a maximum of 360 francs would be sufficient ; but, in the end, the Assembly decided for the amount of 600 francs, as a maximum of 360 francs might be insufficient for a wide class of workmen, especially in towns. But it was stipulated that the pensions should be untransferable and undistrainable up to the amount of 360 francs.

Another very important problem, the solution of which remains one of the most characteristic features of the legislation on the Pension Fund

seriously occupied the commission ; it was that of the widow's pension, which has to be thought of as soon as we consider the position of the man at the end of his career." Without considering the possibility of arranging that the husband's pension should revert to his wife, the Commission decided that the payments made during marriage should profit both husband and wife separately, in equal proportions, considering that " when a man is married, if he makes a profit, he cannot do it in his personal interest, but exclusively ; he does it half for his wife and half for himself." It must, however, be admitted that if, in the family, it is the husband who earns the wages, the wife contributes no less towards the household expenses and far from her being unconcerned in the increase of the household, it is, on the contrary, most often she who increases them by her care and habits of order. It is also natural that she should have her share in the advantages derived from the savings made in common.

Finally, again in the interest of the family and to meet a prejudice which, at that date, was widely spread among the people; namely, that the grant of an old age pension was a selfish act, not compatible with family affection, the commission left the contributor the choice of alienating or reserving, for the advantage of his heirs or assigns, the amount of capital corresponding to his payments. This provision is confirmed in Article 7 of the law.

## § 2. THE PREMIUMS.

The premiums may be paid at the convenience of the insured, without engagement on their part. They may therefore be interrupted or resumed at pleasure. Each of them is considered as a single premium giving claim to a pension to a certain extent calculated on each separation.

The payments may be made, either for pensions formed *with alienated capital* or *with reserved capital*.

According to the first arrangement, the contributor of the capital completely abandons his payments to the Pension Fund which, in exchange, gives him the largest annuity in its tariff list, that is to say, an annuity calculated on the basis of the capitalisation of the amounts at the established rate of interest, at present  $3\frac{1}{2}\%$ . and the mortality risks as they appear in the C. R. table in force. It is a simple old age insurance.

The advantages of this arrangement are especially for bachelors or contributors without heirs, who thus have the means of obtaining for their age appreciably increased resources, without incurring too great sacrifices. The arrangement also suits donors who wish to ensure the greatest benefit for their donations and only to benefit a particular person to the exclusion of all others.

In the second arrangement, the contributor not only ensures a pension for himself, but, at the same time, stipulates that the capital paid by him

into his own account, instead of being definitely acquired by the Pension Fund, must be restored to his heirs or representatives. He, in fact, ~~writes~~ writes a contract of old age insurance combined with life insurance.

In this case, evidently, the cost of the pension is higher and it is ~~w~~ certain that, the contributions being equal, a pension formed with reserved capital must be less than one formed with alienated capital: a new element enters, in fact, into the determination of the premium to be paid: that is, the repayment, in case of decease, of the paid up capital.

On the other hand, the arrangement has the great advantage of giving the family a guarantee for the future, a security not obtained when the contributions are alienated. By it, the fruits of the savings accumulated are not lost: they return to the family at a moment when it has a special need of them.

The death of the father, or of the mother, very often places women's families in sad difficulties in regard to meeting the expenditure of deaths entail; and to the distress of mourning is sometimes added the having no way to pay for the attendance necessary during the sickness. How much less painful the prospect of a little additional capital render these sad circumstances! It helps, in effect, to pay the expenses of the sickness together with those of the funeral. It gives some means of livelihood to the widow, suddenly deprived of the wages earned by her husband. By this means of constituting life annuities with reserved capital the National Pension Fund may thus render the greatest services to thrifty families.

It may happen that a contributor who, originally, had reserved capital corresponding to his payments may afterwards desire to alienate it so as to obtain a higher pension. This may happen in the case of a married man and father of a family who, while his children are young, is in fear of leaving his family without resources, in case of his dying before the time at which his children are of age. At first he makes all his deposits on the reserved capital plan. But, as his children once established, the constitution of a capital in case of death no longer has the same interest for him: it is, on the contrary, important for him not to be a charge upon his children in his old age. He, therefore, most all, desires to increase the annuity to which he will be entitled. And the National Pension Fund again lends him assistance by giving him power to alienate the capital he had at first reserved for his family. "The contributor who has stipulated for repayment at his death of the capital contributed, may, at any date, alienate all or part of this capital, so as to obtain an increased pension, provided that in no case the total amount may exceed 1,200 francs." (Law of July 20th, 1886, article 15).

Contributions may be received of 1 or more francs, but not of fractions of francs.

In a popular institution, like the Pension Fund, it is in fact necessary to simplify the calculations as far as possible, so as to conduct the business quickly and above all economically. The position is not the same as in private insurance companies, in which thrifty people contract once for all to pay fixed premiums periodically: the National Pension Fund allows

ured to pay when they find it convenient and to alter the amount of their payments as often as they like. It is an inestimable advantage for contributors who are often afraid of entering into engagements they are certain of maintaining ; on the other hand, they escape the forfeiture clauses, often of such cruel effect ; but this possible variation in the payments obliges the Fund to make a special calculation on each occasion, and in twenty years, for example, it has received sixty payments from one person, it must make sixty calculations to arrive at the amount of the pension, while an insurance company offering a pension in return for payments due to it, will only have to make one, at the passing of the contract, unless it cancels the contract by an act of repurchase if the party concerned has not been able to make the payments he has undertaken regularly.

In order that these successive calculations may not become a burden, it is possible to make them rapidly and the first condition is that contributions of fractions of francs be refused. But article 14 of the Decree of December 28th., 1886 nevertheless made it possible for the contributors to make the smallest payments. The terms of this article permit of the minimum payment of 1 franc allowed by art. 5 of the law of July 20th., 1886 being made by means of postage stamps on pension cards ; they are placed at the disposal of the public and delivered free of charge in the offices of all accountants entrusted with the work of the National Pension Fund. These cards bear the names and surnames of the holders ; the stamps are placed in the squares prepared for the purpose, and, when they reach the amount of 1 franc, the card is forwarded to the office of a representative of the fund who receives it as money.

A saving of 10 centimes per day, made from the age of 15 and paid to the Pension Fund will entitle the contributor at the age of 50 to a pension of 148 frs. formed with reserved capital or 219 with alienated capital ; at the age of 55, a pension of 223 frs. with reserved or 336 frs. with alienated capital ; at the age of 60, one of 350 frs. with reserved or 535 with alienated capital.

Again, if a father pays ten centimes per day for a child from the age of three to that of twenty one inclusive, he assures to him :

the enjoyment at the age of 50 of a pension of 194 frs. formed with reserved or 252 frs. with alienated capital ;

the enjoyment at the age of 55 of a pension of 283 frs. formed with reserved or 397 frs. with alienated capital ; at the age of 60 these figures would be respectively 435 frs. and 564 frs. If the date for drawing the pension is fixed at 65 years, the pension will be even 721 francs with reserved capital and 936 frs. with alienated capital.

The law has done everything to make it easy to join the Pension Fund. Contributions, in fact, are received not only at the Head office and in the departments by the general paymasters and collectors of taxes, but also at all the post office collectors and receivers.

The assistance of the latter has permitted of the establishment of close relations between the National Pension Fund and the Na-

tional Savings Bank. Depositors in the National Bank, in fact, may, for transfer of all or part of their deposits, free of charge, to the Pension Fund, within the limits of the annual maximum of which we shall presently speak. Under the same conditions, they may arrange payment into the Pension Fund of the amount of interest annually paid on their savings bank deposits. The formalities are very simple, it is enough for the holder of a National Savings Bank book, presenting himself at the Post Office for any business, to inform the official of his intention to profit by the above provisions and the latter will immediately let him sign a paper expressing his intention and a declaration of transfer to the Pension Fund. The latter itself undertakes to procure the necessary certificates of birth, directly.

The management has endeavoured not only to multiply the conveniences for thrift, but also to call the attention of those concerned to the advantages of the Fund. It has published hundreds of thousands of advertisements, it has put posters in the important stations of various railway companies, in the mayors' offices, in the public schools, in all the offices of the Treasury, accountants and in all post offices. It has even sent to a large number of general treasurers and departmental postmasters, in numbers sufficient to themselves and the book keepers under them, advertisements on enamel metal sheets, giving some characteristic examples of the results obtainable by contribution to the National Pension Fund.

Besides these publications, the Pension Fund has not failed to urge mutual societies applying to it for assistance and advice to distribute pension fund books to their members.

On the other hand, the Management has been anxious to reduce to a minimum the formalities to be gone through by a person desirous of joining the National Pension Fund. For the purpose, in fact, it is enough that the contributor, when he makes his first payment, sign a declaration, on a form supplied at any of the above mentioned accountants' offices. To this declaration, he attaches the only document necessary, a birth certificate, which is furnished to him free of charge, and, like all other documents exclusively for purposes of the Pension Fund, on unstamp paper.

In his declaration the contributor states at what age he desires to draw his pension and whether he desires it formed with alienated reserved capital.

The conditions established in the original declaration apply to later payments, as long as no alteration has been made, but it is always in the power of the contributor to make new payments under conditions other than those established for his former ones: in that case, it is enough for him to sign a new declaration expressing his desire.

The payments are entered to the name of the future pensioner in a private pension book delivered to him free of charge. The maximum annual amount allowed per holder is 500 francs.

The contributions may be made in behalf of any person of three years of age or over. Further, young boys and girls are allowed to contribute

be age of sixteen years, without consent of their parents or guardians required. Finally, for the stimulation and development of ideas of the Pension Fund issues vouchers for pension fund books to be distributed as prizes or rewards. The communes, the agricultural *comices*, medical chambers, the public schools, charitable persons and industrial persons have thus at their disposal a simple and practical means of propagating habits of order and economy. In these vouchers the amount contributed alone is mentioned, which allows the benefactor to indicate the name of the person benefited at the moment of delivery. These vouchers can be exchanged for real pension books.

These efforts of the law to accustom young people early to habits of saving have not been vain, above all in the case of schoolchildren. In 1910, the number of accounts of members of scholars' banks and school mutual societies transferred to the Pension Fund, was about 560,000. Into these 560,000 accounts (to be exact 559,579), 2,495,128 francs were paid during the year.

### § 3. THE PENSIONS.

The date of drawing the pension is fixed at the choice of the contributor at the completion of any year between 50 and 65. Yet if, after having received one or more payments, a contributor, before the age fixed for drawing the pension, receives severe wounds or is affected by premature infirmity or absolute incapacity for work, the pension may be paid immediately, before he is 50 years old, and without it being necessary for it to be drawn at the completion of any particular year of his age. The amount is established, according to the tariff, in relation to the age at the drawing and proportion to the contributions made.

These pensions paid in advance may be increased with the help of a credit every year placed on the Estimates of the Labour Department, a special grant out of half the revenue derived from the sale of State Jewels, which amounts to 168,516 frs a year.

This benefit accorded to the contributors to the National Pension Fund is besides not all that the State grants them. By law of December 1895, it, in fact, increases the annuities by payments to the National Pension Fund out of the credits annually placed on the Estimates for the use of private National Pension Fund books, as well as to members of mutual or other societies for aid and thrift enjoying old age pensions. In order to benefit by these increases one must be 65 years of age and have contributed for at least 25 years.

Besides, the pensioners obtaining such increases may receive out of the credits a special bonus, if they have brought up more than three children.

*Postponement of Pension* — The person entitled to a pension he has agreed to draw before he is 65 may, in the three months preceding the

date fixed for drawing it, postpone the date for 5 years, making it 55 instead of at the age of fifty at that of fifty five, or instead of at 55 and so on.

But such postponement is provisional and the contributor has the right to draw the pension on demand, on condition of formulating this demand within three months from the date on which he deserts into enjoyment of his pension.

The maximum total pension for one person is 1,200 francs. A husband may therefore draw from the National Pension Fund, 2,400 frs. (1,200 frs. for the husband and 1,200 frs. for the wife).

Pensions of less than 360 francs cannot be transferred and are distrainable. Above 360 francs they are transferable to the amount of one tenth of the excess and distrainable to the amount of another. But they may be declared by the donor of the capital completely transferable and undistrainable.

At the date fixed by the contributor he is advised of his right to the pension by means of a voucher forwarded to him. The payment is made quarterly. These payments are made on presentation of the marriage and the life certificate of the pensioner. In the department of Seine, payment is made by the general cashier of the Deposit and Consignment, and the collectors; in the other departments by the general treasury receivers of taxes and through collectors; in Algeria, by the general treasurer, the principal paymasters, and through special paymasters; finally, in the colonies subject to the monetary system of the mother country, through the general treasurer and through private paymasters.

The pensions are paid according to tariffs in which account is taken the case of each payment:

- (1) of the compound interest on the capital;
- (2) of the risk of death in view of the age of the contributor at the age at which the pension is to begin;

(3) of the reimbursement at decease of the paid up capital, if contributions have been made under that condition. Out of 668,910,98 contributed between 1901 and 1910, 332,326,345 frs. 73 c. were performed with alienated capital and 356,584,592.50 frs. for pensions reserved capital.

In order to avoid high general expenses and simplify the calculations, article 31 of the Decree of December 28th, 1886 decided that the application of the tariffs, the quarters commence on January 1st, April 1st, July 1st, and October 1st, and the age of the contributor is calculated as if he had been born on the first day of the quarter following the date of his birth.

On the other hand, the interest on each payment is calculated from the first day of the quarter following the date of payment.

The tariffs are calculated in accordance with a graduated rate of interest with differences of 25 centimes.

Every year, in the month of December, a decree fixes the rate applied in the next year, taking into consideration the average

d on investments. The rate of interest since January 1st., 1892 has  $\frac{1}{2}\%$ . The Fund invests in State securities, in Treasury Bonds, or, on the advice of the Superior Commission and with the authorization of the Minister of Finance, in securities guaranteed by the Treasury, or in departmental, communal and colonial bonds. The following table shows the value of its bills and acceptances on December 31st. for each of the last years:

1892	859,903,590.34
1892	878,318,921.65
1893	909,477,900.20
1894	913,464,858.37
1895	952,992,990.07
1896	983,558,910.12
1897	1,014,130,845.71
1898	1,029,371,344.94
1899	1,041,171,721.31
1900	1,091,805,393.74
1901	1,133,595,814.29
1902	1,186,110,374.63
1903	1,232,629,637.11
1904	1,302,149,906.03
1905	1,374,627,482.67
1906	1,415,846,238.66
1907	1,492,809,865.87
1908	1,592,309,120.98
1909	1,699,952,754.27
1910	1,786,629,820.38

which is, generally speaking, the present organization of the National Pension Fund. As it is under State guarantee, thus institution offers the savings every security desirable and as it is administered excellently there is no fear that the State will cease to have confidence in it. Being perfectly constituted to meet the requirements of social justice and thrift, it was natural it should be made to serve as the pivot of democratic reforms the law has attempted to realise.

#### § 4. THE RÔLE OF THE PENSION FUND IN THE APPLICATION OF SOCIAL LEGISLATION.

Thus the National Pension Fund, in accordance with the law of June 1894 receives the contributions paid towards pensions of labourers and miners. In 1910 more than 13  $\frac{1}{2}$  million francs were thus paid into the accounts opened for miners and mine employees.

It was also to the National Pension Fund that the law appealed to ensure the application of the law of April 9th, 1898 on accidents in work, one of its most essential provisions. It is the Fund, in fact, which is entrusted with the administration of the guarantee fund instituted by this law, to ensure to the victims of accidents entailing death or permanent incapacity for work, the payment of the allowances due to them if these are not paid them when due by the masters responsible. On the other hand, article 28 authorises those who own accident annuities and desire to settle their accounts once for all, under special conditions to pay the principal into the National Pension Fund; the capital it has thus received amounts to day to nearly 250 millions.

In the same way the National Pension Fund was authorized by article 36 of the law of April 22nd, 1905 to constitute the pensions granted in terms of the law of July 7th, 1904, to the members of the dissenting teaching congregations.

Again the law of April 10th, 1908, on small holdings and cheap dwelling houses had recourse to the Pension Fund. Loans to real estate on societies are in fact made by this establishment for the account of the State on the proposal of a special commission at the Labour Office. Further, the Minister of Finance is authorized to obtain the funds necessary for the loans, by means of advances made to the Treasury by the Pension Fund. These advances are represented by annuity titles, the interest on which is paid quarterly, at the rate fixed for the tariff, in conformity with article 12 of the law of July 20th, 1886 and current at the date of the realisation of each advance.

But, what it is above all important to examine with the greatest attention from the point of view of popular insurance is the development of the relations established in recent years between the National Pension Fund and the National Life Insurance Society.

The latter institution was founded by law of July 11th, 1868. Its original object was limited to the passing of life insurance contracts, that is to say, exclusively to paying, on the decease of the policy holder, an amount, the maximum of which was fixed at 3,000 francs, to his heirs or assigns, the benefits of the law being reserved for the working classes.

But, after a few years, great efforts were made to facilitate the operation of this society and to make it a useful auxiliary for the National Pension Fund, by allowing the thrifty to increase by means of life insurance the amounts they are permitted to contribute to the Pension Fund.

First of all, the law of July 17th, 1897 authorizes the National Life Insurance Society to pass mixed insurance contracts, that is, with the object of paying an amount, — the maximum of which is always 3,000 francs, either to the policy holder himself, if he is still living at a date fixed in advance, or to his family or heirs, if he dies before that date. This insurance is especially advantageous for persons who desire to have a little capital at a definite date, while it is an inheritance for their family in case of premature death.

Power was afterwards granted to the Life Insurance Society to transact temporary insurance business with the object of guaranteeing the payment of the amounts due by the persons who die before fulfilling the engagement entered into with a view of purchasing either a field or garden (law of April 10th., 1905), or a cheap dwelling house (laws of April 12th., and April 10th., 1908), or a small rural holding (law of March 1910).

Finally, the law of March 9th., 1910 authorized the fund to transact insurance for periods of at least five years. The object of this insurance is the payment of a sum which may amount to 5,000 francs, in case the holder reaches an age fixed in advance. The contributions, as in the case of the Pension Fund, are optional; the policy holder may stop spending his payments as he pleases. By this insurance a father is enabled to institute a capital for his children.

But the specially interesting point in this recent legislation relates to the constitution of pensions paid by the Pension Fund transferable between husband and wife through the medium of the National Life Insurance Society.

With the system of successive single premiums, such as were sanctioned by the law of July 20th., 1886, there could be no question of the Pension Fund directly allowing the formation of transferable pensions. This in, in fact, necessitates, in the case of each premium received, the calculation of the eventual corresponding pension, which entails considerable trouble.

Now, if the Pension Fund has been able up to the present to pay pensions corresponding with the contributions it receives on the basis of a pure premium, it is because the operations it has to perform are simple. If, by a general extension of the principle of transferability, they become complex and delicate, there will be a large increase in the expense of administration of the institution, whence the necessity for it to subject the premium to a charge and to amend its tariff to the great disadvantage of the contributors.

But if the operations in connection with transferable pensions are very simple in number, the complications resulting from them are insignificant and all danger disappears. This is why it seemed possible to the promoters in some measure to satisfy the desire that has often been expressed for obtaining transferable pensions from the Pension Fund, by fixing for their formation the amounts derived from the life insurance premiums paid into the National Insurance Society. Article 2 of the law of March 9th., 1910 therefore stipulates that the amount assured on the life of the holder of a mixed insurance policy or a term insurance policy may be paid once for all into the Pension Fund. And this amount may be either for the formation of an immediate or a deferred annuity with the division of the contributions between the husband and wife, or the formation of a pension either altogether or half transferable to the surviving husband. This transferability, however, only takes effect when the death of the husband occurs after the date chosen by the policy holder for drawing the pension.

On the other hand, by article 3 of the law of July 19th., 1907, the sum due to the surviving consort at decease of the holder of an entire life insurance or a mixed insurance policy, may be also paid once for all into the Pension Fund to form an immediate or deferred annuity in favour of the survivor.

By these various arrangements it is now possible for a thrifty peasant not to leave his wife without means, not only in case of his premature decease but even when he dies at an advanced age. In the first case, the widow, who will still perhaps have young children dependent on her, will find a small capital at her disposal, supplying her with opportune assistance; in the second case, when she has only to think of herself, she will receive a small pension.

Thus by the close co-operation of the Pension Fund and the Life Insurance Society one of the most important problems of popular insurance has been solved.

Let us not forget that the law of April 5th., 1910 on Workmen's and Peasants' Pensions has quite recently still more increased the duties and social rôle of the National Pension Fund.

It was only natural, when a general system of workmen's and peasant pensions had to be instituted, the National Pension Fund, which had been really the initiator of this branch of thrift, should be thought of. It had even considered it useless to have recourse to new organizations, in view of this institution, which, happily seconding the manifold mutual and thrifit institutions in their progress, had assumed a considerable importance, was equipped for the receipt of the smallest contributions in the most remote districts of the land, and undertook to centralise them, to interest on them and pay the pensions promised through its many local officers.

Yet the law wished to try an experiment that had been attempted in certain neighbouring nations and give the policy holders the opportunity of collaborating more effectually in the administration of the funds contributed by them. Thus, the law of April 5th., 1910, while, by its article 1, it placed the Pension Fund in the first rank of the organizations for keeping private accounts, provided for the assistance of mutual aid societies, departmental or regional banks, masters' or syndical pension societies, etc., on the boards of management or direction of which there are a larger or smaller proportion of delegates elected by the policy holders themselves.

The Pension Fund, however, seems to be indispensable for two big classes of policy holders:

The first consists of those who attach special importance to the absolute safety of their savings. Under a compulsory system, it is essential, in fact, that no one should feel the least uneasiness with regard to the money he has paid up. It is open to those who have confidence in the management of persons they have elected in order to obtain larger returns and higher pensions, to apply to this or that organization, since they so expose their choice at their own risk and peril, the chances of loss counterbal-

he hopes of higher pensions due to the presumed ability of the persons.

In the second class are included the persons, also numerous, above all at the commencement of the operation of a compulsory law, who, through negligence, have not indicated within the required time the persons they have selected.

Obviously legitimate complaints might be expected if the contributions paid by these policy holders had to be placed in a society exposed to risk of a management not uniformly successful and prudent. For these, the National Pension Fund becomes insurer in common law.

#### 5. COMBINED EFFECTS OF THE LAWS ON THE PENSION FUND AND ON WORKMEN'S AND PEASANTS' PENSIONS.

Besides, to all persons subject to the Law on Workmen's and Peasants' Pensions, the National Pension Fund offers the means of obtaining a larger sum, of forming an annuity for their wives, guaranteeing their heirs a sum in case of their own premature decease, and finally portioning their children and also forming the necessary initial capital for the use of a house, a field or a garden under the conditions of the laws of 1908 and 1912.

—*To Obtain a Larger Pension.* — Everybody subject to the Workmen's and Peasants' Pension Law, regularly fulfilling the conditions of the law laid down by the law of April 5th., 1910, may, supposing the existent rights maintained, at sixty years of age obtain a pension amounting to the State grant of 100 francs is included, to 287 frs.; 273 frs.; 260 frs.; 17 frs., according as he begins his compulsory payments at the age of 18, 20 or 25 years.

The National Pension Fund further provides this man with the possibility of constituting a supplementary pension, by means of small monthly contributions.

Take for example a man of 25 years; supposing he is subject to the law of April 5th., 1910 from the age of 15 years, at 60 he would have a pension of 287 frs.; at 65 one of 478 frs.; but he wants to have at the age of sixty a pension of about 2 frs. a day. For this purpose, it will be enough for him to contribute annually to the National Pension Fund, up to the age of 60, on the alienated capital plan, 12  $\frac{1}{2}$  francs per day. He will thus obtain a supplementary pension of 397 frs., which will ensure to him a total revenue of 684 francs (287 + 397), or 1 fr. 12 francs per day, at the age of sixty and 875 frs. at that of 65. If this man begins to contribute at the age of 25, it will be enough for him to contribute 15 centimes a day to the Pension Fund to obtain 486 frs at the age of 60, forming with the pension acquired by virtue of the law of April 1910 a total of 723 frs. at 60 years of age and 882 frs. at 65.

—*To Secure an Annuity for the Wife.* — The National Pension Fund allows a married man to appreciably increase, by means of a small contribution, the pension he has constituted, in conformity with the law of

April 5th, 1910, and guarantee his wife an annuity at an age when he will be no longer able to undertake or continue to perform remunerative labour, and assure her, as well as his children, at his decease, a capital dependent of the grants provided by the Law of April 5th, 1910 mentioned.

Let us remember that the contributions to the National Pension are equally divided between husband and wife, each of them being free to stipulate for the reservation or alienation of the money.

(a) *Payments commencing at twenty five years of age.* — Take a man of 25, paying into the National Fund on the reserved capital plan, his wife, aged twenty, contributes on the alienated capital plan, bearing the date for drawing pension at 60 years of age.

On this hypothesis, a contribution of 10 centimes per day, (5 for them), continued until the husband is sixty, will entitle him to an annual pension of 96 frs. and ensure his wife an annuity of 198 frs., together with a lump sum for his heirs or assigns. We shall see hereafter the amount of this sum.

If the yearly contribution of the husband and wife be raised to 20 or 25 centimes per day, the pensions obtained would be respectively:

For the husband : 144 frs., 192 frs., or 240 frs.

For the wife : 297 frs., 396 frs., or 495 frs., both without payment to the capital reserved for the heirs.

These are of course pensions additional to those acquired by virtue of the law on Workmen's Pensions.

(b). — *Payments commencing at thirty five years of age.* — Suppose the man only commences his voluntary contributions to the National Pension Fund, when he is 35, his wife being then 30, the amount of pensions acquired by each at sixty, for contributions of 10, 15, 20 centimes a day, divided equally between them and continued up to the date of the elder drawing his pension (at sixty), would be :

For the husband : 48 frs., 72 frs., 95 frs., or 119 frs.

For the wife : 110 frs., 165 frs., 220 frs. or 276 frs.

On this hypothesis, as on the previous one, all the amounts paid into the husband's account on the reserved capital plan would come in full to the heirs or assigns.

*To Guarantee a Lump Sum at Decease.* — The amount of the sum repaid, under these circumstances, by the National Pension Fund, according to the number of years of contribution and the amounts contributed. In the various cases considered above, the daily payments made by the husband on the reserved capital plan, being 10 c., 15 c., 20 c., and the amounts guaranteed at his decease would be, respectively:

After 10 years, 180 frs., 270 frs., 360 frs., or 450 frs.

After 15 years, 270 frs., 405 frs., 540 frs., or 675 frs.

After 20 years, 360 frs., 540 frs., 720 frs., or 900 frs.

After 25 years, 450 frs., 675 frs., 900 frs., or 1,125 frs.

After 30 years, 540 frs., 810 frs., 1,080 frs., or 1,350 frs.

After 35 years, 630 frs., 945 frs., 1,260 frs., or 1,575 frs.

to these amounts of course are added the grant at decease provided by the law of April 5th., 1910, which varies from 150 to 300 frs., according to the number of the children.

A man, subject from the age of 15 to the workman's pension law, is at 25 and desires to secure his wife an annuity at his decease. Besides the legal compulsory contribution, he pays, from the age of 25, 10 francs a day into the National Pension Fund, for pension formed with his capital for himself and with alienated capital for his wife.

At sixty years of age he will have a pension (287 frs. by the law of 1910 + 96 frs.) of 383 frs. In addition, his wife will enjoy an annuity of 8.

If they are both wage earners and do not draw their pensions till they are 50, and have reared three children to the age of 16, the husband will have a pension of 494 frs. + 163 frs. = 657 frs.

The wife, supposed to be five years younger than her husband, will obtain her pension by the law of 1910; 399 frs. + the annuity conceded for her by her husband, 356 frs. = 755 frs.

The two together will draw pensions of 1,412 frs., and, when the husband dies, his heirs will receive a lump sum of 720 frs.

#### — Combination of Temporary Life Insurance with a Transferable Pension

As we have already seen, the National Pension Fund may provide annuities transferable between husband and wife formed by means of mixed life and term insurance in the National Life Insurance Society. These annuities, which may be 1,200 frs. in amount, may be immediate or deferred and transferable between husband and wife, either to the full amount or to half the amount. These arrangements allow of the practicalisation of the combination of a temporary life insurance of the members of a family up to a fixed age, with a pension transferable after that age.

This combination is not realised all at once: it involves first a mixed life and term insurance policy in the National Life Insurance Society, and, in case of the death of the husband before the expiration of the term fixed by the policy holders, the payment of the amount assured by the National Pension Fund to the National Life Insurance Society.

A man, desiring to assure his family a lump sum in case of his death before the age of 60, at which date he will be entitled to pension, and desiring to draw the capital himself at that age, so as to form a supplementary pension transferable to his wife, takes a mixed insurance policy from the National Life Insurance Society, the amount of which he pays at sixty years of age, if still living, pay over to the National Pension Fund.

Supposing this insurer to be 25, the premium he would have to pay before the expiration of the term of the contract, in order to assure 1,000 frs. to his heirs or himself, would be 7 centimes per day.

At 35 years of age the premium to be paid to insure the same amount, 1,000 francs would be 10 centimes per day.

The amount assured (1,000 frs.) to him at sixty, being paid once all into the Pension Fund, would produce, supposing the wife to be 10 years younger than he, an annuity of 79 frs., the half of it, 39.50 frs., transferable to the said wife.

In order to increase this evidently-insufficient annuity the policy holder may, together with his mixed insurance, also take a term insurance policy, for which only voluntary contributions are required and in the contract for which there is no forfeiture clause, as in the first of his insurance contracts, which is cancelled if the premiums are not paid for two consecutive years.

In the case considered above, the 25 year old policy holder entering payment in his term insurance book of an amount of 7 centimes per day to the age of 59, would obtain at sixty a lump sum of 2,171 frs., and the whole being paid over at one time to the Pension Fund, this would permit of his forming a supplementary pension of 172 frs., the half, or 86 frs. transferable to his wife.

If the policy holder only commenced his payments to the National Insurance Society at the age of 35, he would have to pay 13 centimes a day to obtain at sixty a lump sum of 2,168 frs., payment of which in the Pension Fund would allow of his forming a supplementary annuity of 171 frs., the half, or 85.50 frs., transferable to his wife.

*Results obtained by contributing 15 centimes a day from the age of 25 to that of 60.* — Thus, by this double insurance combination, any person beginning to insure only at 25 may by means of a contribution of about 15 centimes a day (to be precise 14 centimes), assure to his family at his decease before the age of 60 a lump sum of 1,000 frs., and if he survives that age, constitute an annuity of 251 frs. (79 + 172 frs.), the half, or 125.50 frs. (39.50 frs + 86 frs.), transferable to his wife.

These pensions, of course, are added to those obtained under the Workmen's Pensions.

*Results obtained by contributing 25 centimes a day from the age of 25 to that of 60.* — On the hypothesis, that, at 25 a father of a family destinates instead of 15 centimes to devote 25 centimes (to be precise 24 centimes) a day to securing a lump sum for his family at his decease before the age of sixty, and after that age an annuity for his wife, say his junior by 10 years, he may at the same time underwrite a mixed insurance policy for 290 francs, and a term insurance policy for 2,923 frs. He will then receive altogether at sixty 4,923 frs.

Paying over to the National Pension Fund the entire amount of 49 francs to be paid to him by the insurance society at sixty years of age if still living, he will obtain either a pension of 338 francs that may be entirely transferred to his wife or one of 389 frs., only half of which, or 194.50 frs., would be transferable.

In case this father of a family is, by reason of compulsory payments to the Workmen's Pension Society, or for any other reason, to obtain a pension at sixty, a supplementary pension of 251 francs, the half trans-

to his wife, together with his workman's pension, may suffice to him out of the way of want.

In order to constitute this pension while assuring an amount of frs. at death if before the age of sixty, he will only have to contribute, as has been already said, a daily amount of 15 centimes, he might take a second term insurance policy which, by means of the payment of 15 centimes a day, would permit him, either to portion one of his children to form the initial capital required for the purchase of a cheap house under the conditions of the law of April 12th., 1906 or that of April 10th., 1908.

yearly contribution of 10 centimes per day in behalf of a child of 25 years would assure to it, if it lived, at 21 a lump sum of 939 frs. at 25 one of 1,260 frs.

The same insurer contributes 10 centimes a day, towards his pension, from the age of 25, to the National Insurance Society, he will, for himself at 45 a capital of 1,049 frs., with which, thanks to the use of cheap dwellings and real estate credit, he may immediately become the owner of a house worth 5,000 francs, the payment for which instalments will cost him less than his rent cost him.

We have only given a few examples. We see that with a few sous a thrifty wage earner may obtain for himself a sufficient pension, insure his wife an annuity, portion his children and become a house-

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## Part III: Credit

### GERMANY.

#### THE MORTGAGE LOANS OF THE PRUSSIAN SAVINGS BANKS AND THEIR INFLUENCE IN THE DISMORTGAGING OF RURAL LANDED PROPERTY.

##### OFFICIAL SOURCES:

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##### OTHER SOURCES:

IM, LANDESBANKRAT H. Die Bedeutung der Sparkassen für den deutschen Kapitalmarkt (*The Importance of the Savings Banks for the German Mortgage Market*) in Sparkasse, August 15th., 1912, pp. 318-19).

SCHREIBER, OBERRECHERUNGSRAT, Die Mitwirkung der Sparkassen an der Entschuldbung des ländlichen Grundbesitzes in Preussen. (*The Contribution of the Savings Banks to the Dismortgaging of Rural Landed Property in Prussia*).

##### § I. THE AMOUNT OF SAVINGS BANK DEPOSITS.

The Prussian Bill for the investment of part of the deposits in the Savings Banks in bonds to bearer and especially in Prussian State and in Imperial Bonds (1), although definitely approved in the Chamber of Deputies, on December 23rd., 1912, is still being continually discussed, more and more attracting the attention of those concerned to the financial resources of the large savings institutions in Germany and a and the financial consequences of the law. It is estimated that an additional amount of about 400 or 500 millions will have to be invested by the Savings Banks in personal bonds instead of in shares.

See the text of the law in the appendix to this article.

It is above all the interests of agriculture and of landed property threatened, at least partially, by the new legislative measures, that induce us to point out the financial importance of the mortgage for the Savings Banks for rural landed property in Prussia, and the increasing influence of these institutions in the dismortgaging of rural land.

As will be seen better from the figures we give below, the Savings Banks have in recent years more and more followed the lead of the *Landwirtschaft*, which, alarmed at the impediments in the way of agricultural progress due to excessive mortgage indebtedness, have initiated a movement of action for the dismortgaging of rural landed property.

Let us first show the financial strength of the Savings Banks.

The capital at the disposal of such institutions in Prussia, is shown in the following table, compared with the deposits in the savings banks of the whole German Empire; in this way we can see the importance of the Prussian among German savings banks.

*Available Capital of the Savings Banks.*

Year	Of Prussia	Of the Empire
—	—	—
		(millions of marks)
1908 . . . . .	9,571.38	14,552.5
1909 . . . . .	10,332.69	15,672.1
1910 . . . . .	11,106.79	16,780.5

These figures, considerably important in themselves, acquire significance when compared with the amount of available capital of various financial or State institutes, at the end of 1909 or 1910, as in the figures obtained by the National Bank Councillor, H. Reit.

The data we reproduce relate rather to statistics collected by institutions in the whole German Empire than to those especially of the Prussian institutes. Yet the comparison retains much of its value for our study, as we have just seen the preponderating position of Prussian Banks among institutions of the same character existing in the whole Empire.

(1) *Amount of Capital (in millions of marks) invested in:*

- (a) *Savings Banks* (including reserve funds) at the end of 1910 . . . . .
- (b) *Banks* (Debits : Shares, Capital, Reserve Fund, Deposits), at the end of 1910 . . . . .
- (c) *Mortgage Banks* (Debits : Shares, Capital, Reserve Fund, Deposits), at the end of 1910 . . . . .
- (d) *German Empire Bonds* (1909). . . . .

(e) Kingdom of Prussia Bonds (1909) . . . . .	9.4
(f) Bonds of the German Communes, Communal Consortiums, etc. . . . .	5.6
(g) <i>Societies limited by Shares</i> (exclusive of Banks):	
Nominal Value (1910) . . . . .	10
Exchange Value . . . . .	about 15-16
(h) <i>Co-operative Credit Societies</i> (Paid up Shares, Reserve Funds, Deposits, Investments), 1910 . . . . .	about 4
(i) <i>Life Insurance Institutes</i> in 1908. . . . .	4.4

After this general view of the financial strength of the Savings Banks, consider the investments made by the Prussian savings banks of available capital.

From the figures we reproduce below for the last years for which such returns have as yet been published, it appears that about three of the deposits have been invested in loans on mortgage, and one fifth in 1910, and about a quarter in 1900, of the total, in mortgages. Altogether, the percentage of the amounts invested in loans on mortgage has not varied much from 1900 (58.36 %) to (59.45 %), but it is to be observed that, while the amount invested in urban mortgages during this period has gradually increased (33.48 % in 1900 to 39.58 % in 1910), that invested in rural loans decreased (from 24.88 % in 1900 to 19.87 % in 1910).

Of course the total amounts of the same rural loans have increased in the last 11 years, because the progress made by the Savings Banks in this period has been great. This is seen from the following figures:

	1910		1900	
	Million Marks	Percentage	Million marks	Percentage
Urban Mortgages . . . . .	4,586.80	39.58	2,000.20	33.48
Rural " . . . . .	2,302.85	19.87	1,486.73	24.88
Bonds to Bearer . . . . .	2,738.56	23.63	1,553.71	26.00
Loans on Bills, Pledge, Notes of Land . . . . .	399.29	3.45	317.41	5.31
Loans to Public Institutions and other Investments . . . . .	1,561.45	13.47	617.00	10.33

The amount of 2.3 thousand millions lent in 1910 on rural landed property is a very considerable sum, hardly surpassed by the Landschaften, the importance of which for agriculture is undoubtedly unrivalled. In fact, according to the data in the Prussian Statistical Yearbook (Year 1911, 5), the total amount of the land bonds in 1910 was 3,216 million marks.

**§ 2. INCREASE OF MORTGAGE LOANS REPAYABLE IN INSTALMENTS.**

The attention of the Savings Banks has been devoted, as far as mortgage investments are concerned, to the constant increase of the percentage of loans repayable in instalments. This has been more frequent in the case of loans on rural than on urban mortgage.

It meets a twofold need: in the case of the savings bank, that of obviating, at least in part, the disadvantage of the immobilisation of their own capital, liable to be withdrawn at two days' notice by the depositors, since by means of partial periodical repayments much money becomes again available for the bank; on the other hand, it aids the realisation of one of the principal objects of Prussian rural policy: dismortgaging for the purpose of rendering the carrying out of further improvements of the farms possible, and giving greater economic elasticity to the business of the landed proprietors.

In the period under consideration, 1904-1910, the amount of loans repayable in instalments was as under:

*Urban and Rural Mortgage Loans Repayable in Instalments or not.*

Years	Urban Mortgages			Rural Mortgages		
	Total Mortgages (Millions of marks)	Repayable in Instalments	% of Loans Repayable in Instalments	Total Mortgages (Millions of marks)	Repayable in Instalments	% of Loans Repayable in Instalments
1904 . . .	—	—	—	1,791.7	357.7	20.0
1906 . . .	3,486.4	436.2	12.5	1,966.6	424.3	21.6
1908 . . .	3,913.9	532.7	13.6	2,075.9	480.3	23.1
1910 . . .	4,586.8	647.3	14.1	2,302.9	586.3	23.5

As we see from these figures, the rural mortgage loans repayable in instalments have assumed constantly greater importance, rising from 20 % of the total in 1904 to 23.5 % in 1910.

If, instead of its variations in time, we consider how the amount of mortgages repayable in instalments has varied in the different provinces

vely to the total mortgages given in security for loans on rural land-  
ate by the Savings Banks, we arrive at the following results for 1910.

State and Provinces	Total Mortgages on Rural Landed Property	Mortgages Repayable in Instalments	% of Mortgages Repayable in Instalments	
			Millions of Marks	
Prussia . . . . .	2,302.85	586.34	23.5	
<i>Provinces</i>				
East Prussia . . . . .	34.15	8.96	26.2	
West Prussia . . . . .	41.73	11.36	27.2	
Berlin (Urban district). . .	—	—	—	
Brandenburg . . . . .	139.15	36.55	26.3	
Pomerania . . . . .	135.22	22.85	16.9	
Posen . . . . .	41.03	25.59	62.4	
Silesia . . . . .	147.77	32.57	22.0	
Saxony . . . . .	252.07	29.02	11.5	
Schleswig-Holstein . . . . .	265.40	1.51	0.6	
Hanover . . . . .	453.48	177.17	39.1	
Westphalia . . . . .	448.62	66.29	14.8	
Hesse-Nassau . . . . .	101.35	77.36	76.3	
Rhenish Provinces . . . . .	235.97	90.31	38.3	
Hohenzollern . . . . .	6.91	6.80	98.4	

The development assumed by the business of loans repayable in instalments in certain provinces is considerable and we find the proportion of loans to the total is 98.4 in Hohenzollern, 76.3% in Hessen-Nassau, 62.4% in Posen, and about 40 % in Hanover and the Rhenish Provinces.

It is difficult to make an exhaustive analysis of the conditions that in each province have determined the greater or less increase of mortgage loans repayable in instalments and arrive at a general law. There are provinces, in which the rural conditions are sufficiently alike and yet there is a great difference in the proportion of the loans repayable in instalments to the total mortgage loans granted by the Savings Banks, while on the other hand percentages nearly equal are found in provinces differentially from each other.

To explain this very great difference between the various provinces, we must above all observe that the type of organization of the savings banks has a certain influence on the amount of the loans repayable in instalments. In 1909, according to statistics published by Evert, loans

repayable in instalments were granted by the various types of institutions in the following proportion:

Provinzial- und Ständische Sparkassen	40.77 %
Kreis- und Amts-Sparkassen	33.06 %
Landgemeinde-Sparkassen	16.55 %
Städtische-Sparkassen	13.04 %
Vereins- und Privat-Sparkassen	2.87 %

As State Councillor Dr. Schreiber justly observes, on account of difficulties the debtors have in paying at the same time interest and saving fund, it is not likely they will be in a hurry to pay off the debts they have contracted.

On the other hand, only those institutes conforming their administration to purposes of public utility and to the welfare of the district in which their business is carried on can seriously think of granting loans on the guarantee of their being extinguished gradually and regularly. Thus it is easily understood why the Provincial Savings Banks have the largest proportion of loans repayable in this way (40.77 %) and the private banks on the other hand an inconsiderable quantity (2.87 %).

It is just on account of the different organization of the banks, Dr. Schreiber acutely, that, among the various provinces, Hohenzollern has the largest percentage of mortgages repayable in instalments, Schleswig-Holstein the smallest. In Hohenzollern the savings are all reckoned by the Spar- und Leihkasse für die Hohenzollernschen Lande at Sigmarin, which grants almost all its rural loans on the condition of repayment in instalments; for a total amount of 6.65 million marks lent on the securities of rural mortgages in 1908 there were 6.52 millions lent on mortgages payable in instalments. In Schleswig-Holstein, on the other hand, there was no provincial savings bank and the five district banks lent only 6.4 millions in rural mortgages; it is above all the private banks that lend on rural mortgage and then the rural savings banks (Landgemeinde-Sparkassen) with 78.5 millions and the urban savings bank with 69.1 million.

### § 3. RATE OF INTEREST ON MORTGAGE LOANS GRANTED BY THE SAVINGS BANKS.

The question of the rate of interest fixed by the Savings Banks on their mortgage loans has led to much discussion and some special, thus, in February 1906, the Berlin Landes-Oekonomie Kollegium passed a resolution to the effect that these Institutes asked too high an interest on their mortgage loans.

Certainly the rate asked by the Savings Banks is a little higher than that fixed by the Landschaften. As will be seen from the figures

w, in 1910 only 6.9 % of the rural mortgages were granted at a rate less than 4 %, while 41.8 % paid 4 % interest and 50 % between 4 5 %. On the other hand, when we consider the rate of their land is, we find the Landschaften grant loans really at a little less 1 4 %.

We must, however, keep in mind, observes Dr. Schreiber in the above article, the different conditions under which the Savings Banks the Landschaften work. The latter, indeed, are not found in every of Prussia, over the whole of which the Savings Banks are scattered, and, on the other hand, in accordance with their rules, they limit their s to certain classes of landed estates. In these circumstances, there they are able, in the case of special classes of loans, to ask a lower rest than the Savings Banks. But, in such dissimilar conditions, comparison it is desired to make in order to judge the economic luct of the Savings Banks loses its value. On the contrary, it may ifirmed that for a very considerable number of landed proprietors Savings Banks provide the cheapest and most convenient means for satisfaction of their need of real credit.

On the other hand, adds the same writer, it must be noted that the ngs banks, while maintaining their present rate of interest, adapt nselves to the conditions of the market, as is evidenced, on the one f, by the considerable amounts of savings collected, and, on the other, he very large amount of loans granted to the land owners. Sometimes rate may be reduced, but it must not be forgotten that the savings ns are often unable to follow this course lest, in face of a larger and, they should find they had placed too much money in investments easily realisable, in view of the nature of the funds these establishts receive in deposit.

nts of Real Mortgage Loans, classified according to the rate of interest, from 1900 to 1910.

Rate of Interest	Year					
	1900		1905		1910	
	Millions of marks	Per centage	Millions of marks	Per centage	Millions of marks	Per centage
than 3 % . . . . .	1.10	0.07	2.12	0.11	1.45	0.06
between 3 and 4 % . . . . .	274.96	18.49	297.03	15.78	157.49	6.84
4 % . . . . .	709.45	47.72	1,031.52	54.79	962.38	41.80
between 4 and 5 % . . . . .	484.73	32.60	549.24	28.70	1,151.86	50.01
5 % . . . . .	16.41	1.10	11.64	0.62	29.61	1.29
5 % . . . . .	0.08	1.01	0.0014	0.0001	0.06	0.003

From this table we see that the rate of interest on rural loans was higher in 1910 than in 1900, while it was far lower in 1905. In fact in 1910 only 29.32 % of the total loans were charged more than 4 % interest, while in 1900 the corresponding number was 33.71 % and in 1905 51.33 %. The variations in the rate of interest in recent years have been considerable, but have corresponded with the fluctuations of the general conditions of the money market.

#### APPENDIX.

##### *Text of the Prussian Law of December 23rd., 1912 on Investment of Savings Bank Funds in Bonds to Bearer.*

§ 1. — Savings Banks of public character must invest a definite minimum of their interest bearing capital in bonds to bearer forming an investment for trust funds, in the following proportion :

(1) 15 %, if the savings deposits do not amount to more than 5 million marks, and if, in the future, in conformity with their regulations the banks only grant loans on real estate and personal credit in the rural or urban district in which is the institute in common law serving as their surety ;

(2) 20 %, if the savings deposits do not exceed 10 million marks and if in future, in conformity with their regulations, they grant loans (No. 1) in the rural or urban district in which is the institute in common law serving as their surety, or adjacent districts.

(3) 25 % in other cases.

§ 2. — The Savings Banks must invest, in German Imperial or Prussian Bonds, three fifths of the minimum of their capital to be invested according to § 1 in bonds to bearer forming an investment for trust funds.

§ 3. — The Savings Banks that do not hold bonds to bearer for an investment for trust funds to the degree laid down in §§ 1 and 2, must invest every year until this degree is reached a part of their new investments at interest in such bonds to bearer forming an investment for trust funds, in a proportion exceeding by 5% that which according to § 2 must be kept invested in bonds to bearer forming an investment for trust funds.

If in one year a savings bank has invested more than this proportion of its capital in bonds to bearer forming an investment for trust funds and especially in German Imperial or Prussian Bonds, it may deduct this excess in calculating the amounts to be invested in future in these bonds.

§ 4. — In special cases, the Governor of the Province may, by virtue of exception, grant facilities to the Savings Banks with regard to the observance of this law, if not essentially prejudicial to the facility of using their investments.

5.—For the purposes of this law, to the Imperial or Prussian Bonds be assimilated the credits entered in the Books of the Public Debt Empire or of the Kingdom of Prussia.

6.—The Savings Banks of public character may sell the bonds after forming investments for trust funds, the purchase of which is ad by the present law, when this is absolutely necessary for the ution of their deposits. As soon as new funds for investment are d, the account must be brought back to its former situation, within imum limits prescribed by the present law. The Governor of rovince may, by an order liable to revocation, grant facilities for the vance of this obligation.

7.—The Savings Banks which have to invest in bonds to bearer ng an investment for trust funds less than 25 % but not less than of their capital may invest the annual profits as shown in their nts at the end of the year in the accomplishment of objects of public utility in behalf of the public institution serving as guarantee for the Banks, that is to say :

(a) a fourth part, if the guarantee fund amounts to from 2 to 5 % e savings deposits ;

(b) a half, if the guarantee fund amounts to from 5 to 8 % of the gs deposits ;

(c) the total of the annual profits, if the guarantee fund amounts e than 8 % of the savings deposits.

the savings banks, which have to invest 25 % of their interest bearing ll, may employ their annual profits as established by the accounts at the l the year in the accomplishment of objects of public utility, in behalf public institution serving as guarantee to the said banks, that is to say :

(a) half their profits, if the guarantee fund of the savings bank nts to from 2 to 5 % of the savings deposits ;

(b) three quarters, if the guarantee fund amounts to from 5 to of the savings deposits ;

(c) the total of the profits, if the guarantee fund amounts to more 8 % of the savings deposits.

he rules now existing in relation to the investment of the profits savings banks, except for the preceding provisions, shall remain ce, even for the above mentioned savings banks, when their rules n more favourable provisions for the public institutions serving as of the banks.

he investment of the annual profits shall only require the approval nstitutes of supervision when the profits must be invested to cover penses the public institution serving as surety for the bank will o incur in consequence of any obligation imposed on it by the law.

8.—In place of the Governor of the Province, in Hohenzollern, l be the Minister of Home Affairs on whom devolve the duties en- by the present law.

This law shall come into force on January 1st., 1913.

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TO AGRICULTURAL CREDIT IN GERMANY.

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BORCHARDT (Dr. F.): *Der Entschuldungsplan der "Deutschen Länderbank."* (*The "Deutsche Länderbank" Dismortgaging Programme*). "Bank-Archiv." November 15th, Berlin.

COHN (Dr. E.): *Die Formen des Realredits nach dem Bürgerlichen Gesetzbud* (*Forms of Real Credit according to the Civil Code*). "Deutsche Landwirtschafts Rundschau," November 1st, 1912. No. 14. Berlin.

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SCHUMACHER (Prof. Dr.): *Die Bedeutung des Katasters beim Grundstückserwerb* (*Importance of the Cadastre for the Purchase of Land*). "Deutsche Landwirtschafts Presse," October 26th, 1912. No. 86. Berlin.

Die ERICHTUNG VON GRUNDAMTEN (*Organization of Land Offices*). "Deutsche Landwirtschaftliche Presse," November 9th, 1912. No. 90. Berlin. (Proposal for the creation of Special Offices for Keeping Cadastres, Land Registers, Registers of Land of Mines, Waters etc.).

JUBILÄUM ZWEIER PFANDBRIEFBANKEN (*Jubilee of Two Land Banks*). "Preussische Pfandbank," Berlin and "Deutsche Hypotekenbank," Meiningen. "Internationale Presse," December 15th, 1912. Berlin.

HALBJAHRESAUSSWEISE DER DEUTSCHEN HYPOTEEKBANKEN (1912). (*Half-Yearly Reports of German Mortgage Banks*). "Vierteljahrsshefte zur Statistik des deutschen Reichs." IIIrd. number, 1912. Berlin.

## ITALY.

### MEASURES IN BEHALF OF AGRICULTURAL CREDIT IN LIGURIA.

#### SOURCES:

Il **LEGGI** presentato alla Camera dei Deputati dal Ministro di Agricoltura, Industria e Commercio (Nitti), nella seduta dell'8 luglio 1911, contenente provvedimenti per il credito agrario e per i danni delle mareggiate in Liguria. Atti parlamentari, sessione 1909-11, n. 90. (Bill presented to the Chamber of Deputies by the Minister of Agriculture, Industry and Commerce (Nitti) in the Session of July 8th, 1911, containing Provisions relative to Agricultural Credit and the Damage caused by the Tides in Liguria. Parliamentary Proceedings, 1910-1911, no. 970).

Il **DELLA COMMISSIONE PARLAMENTARE** sul disegno di legge predetto, presentato alla Camera dei Deputati nella seduta del 29 marzo 1912. Atti parlamentari, sessione 1909-12, n. 90. - A. (Report of the Parliamentary Commission on the above Bill, presented to the Chamber of Deputies in the Session of March 29th, 1912. Parliamentary Proceedings, 1909-12, No. 970. - A.).

Luglio 1912, n. 802 che autorizza provvedimenti per il credito agrario e per i danni alluvioni e mareggiate in Liguria (Law of July 6th, 1912, no. 802, authorising measures in aid of Agricultural Credit and in relation to the Damage caused by Inundations and Tides in Liguria). In *la Gazzetta Ufficiale del Regno d'Italia*, Rome, No. 183, August 3rd, 1912.

ong the laws recently passed by the Italian Parliament is one concerning provisions in behalf of Agricultural Credit in Liguria (July 6th, 1912, 1). This law realises the desires frequently expressed to Government in recent years by the local farmers and their representations for the extension to this region of the benefits of agricultural credit already existing in other regions of southern, insular and central Italy. (1).

These requests were based on the fact that Liguria has for a long time been passing through a serious crisis, above all due to the reduced production of oil, the only important produce of the region (2), a crisis which is diverting capital from agriculture, and rendering the situation of the rural classes continually more difficult. The institutes of cooperative credit (rural banks and people's banks), which are, as we know,

These desires first received attention when the Genoese Savings Bank decided to grant credits and agricultural loans, in terms of the law in force and to open current accounts in the rural banks and consortiums and other institutions of the same character. It appears from the official agricultural statistics that in 1906-1909 the production was less than a fifth of the usual amount, a far smaller percentage than in other regions and so affected by the crisis.

scattered over Liguria, could not supply the funds for improvement, cultivation and the management of farms. Hence the necessity of a central credit establishment capable of revivifying the most desolate agricultural districts and of giving birth to numerous co-operative societies, the extension of credit.

Such is the object of the above law. By it an "Establishment Agricultural Credit for Liguria" is founded, similar to that for Latium founded in Rome by law of December 21st., 1902. The Establishment is to have its head quarters at Porto Maurizio, capital of the province that has the greatest need of credit, but its operations will also extend the province of Genoa.

The financial resources of the establishment consist in an endowment of 500,000 francs, and eventual assistance from other institutions working in the kingdom, as well as in the possible balance from the amount of a million francs, provided by the law itself under the title of subventions to persons suffering through inundations and high tides in the provinces of Genoa and Porto Maurizio at the end of 1910.

In order to facilitate the above contributions it is provided that they must be repaid gradually in instalments; that the institutions providing the capital must share in the net annual profits of the establishment and that, in addition, each of them must have its representatives on the board of management of the establishment. Then, in order that the credit may be granted on the basis of immediate knowledge of the applicants, in order that the use of the money lent for the purpose assigned and punctual repayment may be guaranteed according to the principle that experience indicates as the most fruitful in good results — the establishment will have to make use of intermediate institutions for the distribution of credit: agricultural and rural banks, agricultural consortiums and other establishments, legally constituted, including among their objects the exercise of agricultural credit, and situated and working in the provinces of Porto Maurizio and Genoa. Yet, the establishment will be able, with Government authorization also to conduct direct operations of agricultural credit that is to say it is now accorded the same powers as were granted by law of March 29th., 1906, No. 100, to the agricultural credit section of the Bank of Sicily and extended to the Savings Bank of the Bank of Naples which the two banks have availed themselves of with great prudence not without advantage. The law with which we are dealing further does not neglect to provide by two special articles for the development of the intermediate institutions: the first, in fact, prescribing that the establishment must encourage the formation of new institutions, and, if necessary, supervise the reorganisation of those existing, and inspect their administration, employmenit to assign one tenth of the net annual profits for premiums of encouragement and subventions to the intermediate institutions, as well as to other establishments founded in the interests of agriculture; the second provides that the Department of Agriculture, Industry and Commerce may open two prize competitions a year in Liguria, one for the agricultural or rural banks of co-operative form, the other for co-operative agricultural

ortiums. An amount of 20,000 francs for prizes will appear on the nates for the Department every year for ten years, beginning with the 1913-14. To be able to compete, consortiums not of the form of uned liability societies must have a fully paid up capital of at least 1,000 s in communes with a population not exceeding 5,000 inhabitants ; 10 francs in communes with a population of from 5 to 10,000 and 5,000 s in communes with a population exceeding 10,000.

In the same way as is established in other laws on agricultural credit provisions of chapter I and articles 20, 21, and 25 of the law of January 1887, no. 4,276, shall apply to the operations conducted by the estab- ent and the intermediate institutions, that is to say the provisions ive to the constitution in favour of the credit establishment of conven- l preference mortgages on the profits, produce and live and dead stock e debtor, as well as the provisions relative to the constitution of mort- s for the formation of agricultural current accounts opened in the name landowner or a tenant on long lease.

As regards taxation, certain facilities are accorded, namely the reduc- by half of the stamp and registration duties, the duties on mortgages, s on deeds and documents of every kind, relating to operations con- ed by the establishment and its intermediary institutions.

We must finally notice article 7 of the law, the object of which is to blish that the legal preference admitted in the final paragraph of 1,958 of the Civil Code, in favour of credits for harvesting, plough- and sowing, extended later by laws of July 7th, 1901, No. 334 5) and March 29th, 1906, No. 100 (art. 23), to credits for manure anticryptogamic substances, remedies or insecticides, shall apply e case of biennial crops generally, not only to the harvest of the year use but also to that of the following year. This preference is a right e establishments of credit, both in the case of loans in money and ans in kind. The right, extended as we have shown, is the strict conse- ce of the general principle on which the preference itself is based, is to say, the principle according to which the produce belongs to armer, less the expenses incurred. For the application of this prin- , it is therefore necessary that the preference should apply pre- to the produce for which the corresponding credit was obtained ; in the case of manure, it almost always serves for the produce of the wing year rather than for that in course : in the case of biennial crops, not be doubted that the amounts spent in the first year can only be ed on the produce of the second year. That explains and justifies above provision.

The law, finally, establishes that the rules of the new establishment be approved by Royal Decree, on the proposal of the Minister of Agric- ure, Industry and Commerce with the approval of the Council of State : rules shall contain the regulations for the work of the establishment, ll as provisions relative to the Government supervision of which we speak hereafter.

## 2. THE WORK OF THE SPECIAL AGRICULTURAL CREDIT ESTABLISHMENTS IN 1911.

### SOURCES :

CASSA PROVINCIALE di Credito Agrario per la Basilicata : Relazioni sull'esercizio 1911 (*Provincial Agricultural Credit Bank of Basilicata : Reports for the Working Year 1911*), tenza, Tip. Garramone e Marchiesello, 1912.

CASSA ADEMprivile della provincia di Cagliari : Esercizio 1911 (*"Ademprivile Bank" of the Province of Cagliari : Working Year 1911*), Cagliari, Industrial Press, 1912.

CASSA ADEMprivile della provincia di Sassari : Relazione e bilancio, esercizio 1911 (*"Ademprivile Bank" of the Province of Sassari : Report and Balance Sheet, Working Year, 1911*), Sassari, Printed by Giacomo Chiarella, 1912.

ISTITUTO DI CREDITO AGRARIO PER IL LAZIO.— Relazione sull'Esercizio 1911 (*Agricultural Credit Establishment for Lazio : Report on the Working Year 1911*). Rome, printed by R. Garroni, 1912.

ISTITUTO DI CREDITO AGRARIO "Vittorio Emanuele III," per le Calabrie. Relazione sull'Esercizio 1911, pubblicate nel 1912. (*Agricultural Credit Establishment "Vittorio Emanuele III," for Calabria. Report on the Working Year, 1911, Published in 1912*).

In the number of our Bulletin for the month of October last (1912, No. 10, p. 133) we have already dealt with the work accomplished in 1910 by the Savings Bank of the Bank of Naples and the Agricultural Credit Division of the Bank of Sicily. We shall now occupy ourselves briefly with the work of the other establishments authorized by special laws to give agricultural credit. (1).

### § I. THE AGRICULTURAL CREDIT ESTABLISHMENT FOR LATIUM.

According to the system adopted in our previous reports we distinguish between the work accomplished through the medium of special institutions and that done directly with the farmers.

(a) *Operations with Intermediate Institutions.* The accredited institutions increased from 99 on December 31st., 1910 to 109 on December 31st., 1911 (2). The most important of these groups are formed by agricultural consortiums (39), agricultural and rural banks (24), mutual societies and co-operative distilleries (8), etc.

(1) See the article in our Bulletin for April, 1912, p. 181.

(2) In the first working year, that is to say in 1904, there were 10; in 1905, 15; in 1906, 49; in 1907, 59; in 1908, 72; in 1909, 86.

new loan operations (1) were concluded during the year with different institutions for the amount of 7,492,844 frs., distributed as follows:

Agricultural consortiums and <i>comitati</i> .	Frs.	3,497,990
Various societies for agricultural credit.	"	1,340,757
Co-operative people's banks . . . . .	"	1,130,600
Societies for sale and exportation of agricultural produce . . . . .	"	1,000,000
Savings banks . . . . .	"	191,675
Wine societies and co-operative distilleries . . . . .	"	128,826
Rural and agricultural loan banks . . . . .	"	202,996

Frs. 7,492,844

The above loans were for the following objects:

Grain cultivation . . . . .	Frs.	3,303,670
Vineyard cultivation . . . . .	"	1,170,000
Purchase and improvement of livestock . . . . .	"	743,141
Various kinds of cultivation . . . . .	"	577,954
Sulphate of copper, sulphur, etc . . . . .	"	505,133
Agricultural implements and machinery . . . . .	"	340,027
Purchase of manure . . . . .	"	308,059
Grazing . . . . .	"	286,701
Olive cultivation . . . . .	"	258,159

Frs. 7,492,844

*Direct Operations with Farmers.* The new operations (2) reached the amount of 570,802 frs., divided as follows according to their nature:

Simple direct discount . . . . .	Frs.	302,462
Rediscount . . . . .	"	67,840
Advances on security of agricultural produce . . . . .	"	160,000
Advances with preference rights over seeds . . . . .	"	40,500

Frs. 570,802

Operations of renewal with the intermediary institutions in 1911 attained the amount 7,826 frs.

The renewal business with private farmers amounted to 712,957 frs. in 1911.

These loans were for the following purposes:

Grain cultivation . . . . .	Frs.	324,702
Vineyard cultivation . . . . .	"	81,010
Purchase and improvement of livestock . . . . .	"	70,935
Various kinds of cultivation . . . . .	"	57,390
Olive cultivation . . . . .	"	28,305
Sulphate of copper, sulphur, manure, etc. . . . .	"	8,460
	Frs.	570,802

(c) *Rate of Interest.* This varies between 5  $\frac{1}{2}$  and 6 per cent.

(d) *Development of Operations from 1904 to 1911.* The following table shows the development of the business of the establishment between 1904 and 1911.

Working Years	Received in the Year		Total Received	Number	Amount	Own Account	Reconciled	Total Balance in Hand
	Balance from Previous Years	Number						
1904 . . . . .	—	206	138,761	138,761	53	47,614	91,147	—
1905 . . . . .	91,147	2,373	1,397,730	1,488,877	1,510	898,091	590,786	—
1906 . . . . .	590,786	3,580	2,438,767	3,029,553	3,206	2,128,554	900,999	—
1907 . . . . .	900,999	6,006	4,912,008	5,813,097	5,747	4,509,769	1,222,533	80,795
1908 . . . . .	1,222,533	8,159	6,718,815	7,941,348	5,938	6,144,475	1,796,873	24,449
1909 . . . . .	1,796,873	11,496	7,376,250	9,173,123	8,733	7,339,095	1,814,028	509,061
1910 . . . . .	1,814,028	12,855	8,215,795	10,029,823	9,198	8,030,406	1,999,417	501,962
1911 . . . . .	1,999,416	13,668	13,124,431	15,123,847	10,518	13,568,836	1,555,010	1,219,980

We must finally observe that the members of the agricultural establishments of Latium in business relations with this establishment increased in members from 17,666 in 1909 to 20,364 in 1910. This is an increase of 2,698 members, which proves that the spirit of association is advancing more and more in the province.

§ 2. THE PROVINCIAL AGRICULTURAL CREDIT BANK OF BASILICATA AND THE "VICTOR EMMANUEL III" ESTABLISHMENT IN CALABRIA

In 1911, the *Provincial Agricultural Credit Bank of Basilicata* conducted loan operations to the total amount of 1,061,619.48 frs., for 429,673 frs. through intermediary institutes and for 631,945.71 frs. directly with small farmers. The operations of the first class were conducted with various classes of establishments as follows (1):

Agricultural consortiums	frs. 206,446
Agricultural banks	" 202,595
<i>Monti frumentari</i>	" 20,622
Co-operative societies	" 11
	<hr/>
	frs. 429,674

The operations of the second group, conducted directly with farmers, were divided as follows, as regards the object of the loans:

Purchase of livestock	frs. 432,706
Rural buildings	" 196,234
Plantations, reafforestation	" 3,006
	<hr/>
	frs. 631,946

To the data for 1911, we shall add those for the years 1908-10, which we see the progress made by the Bank:

Years	Advances to Intermediary Establishments		Advances for Rural Buildings and Purchase of Cattle (at the End of Each Year)
	Number of Establishments	Amount frs.	
1908	8	137,355	109,873
1909	19	239,738	282,310
1910	21	343,367	456,761

(1) Of 137 establishments, 21 had business relations with the Bank.

As regards the *Victor Emanuel III Agricultural Credit Establishment*,  
now in Calabria, we give below the amount of loans granted in the  
years 1908-11:

Years	Loans to Intermediary Establishments	Loans to Directly to Farmers	Total Fr.
1908 . . . . .	98,015	356,174	454,189
1909 . . . . .	94,000	795,062	889,062
1910 . . . . .	89,000	985,776	1,074,776
1911 . . . . .	60,000	1,011,149	1,071,149

Out of the 1,071,149 frs. granted in 1911, 322,283 frs. were granted  
in the province of Catanzaro, 438,916 frs. in that of Cosenza and 309,950  
in that of Reggio Calabria.

### § 3. THE "ADEMPRIVILE BANKS" OF SARDINIA.

The "Adempprivile Bank" of Sassari began working in July, 1909,  
that of Cagliari in March, 1910. We dealt with their origin and their  
in our number for April, 1912, p. 189. We shall therefore limit  
ourselves here to reproducing the following data for the Year 1911.

	Loans to Intermediary Institutions	Loans Made Directly to Farmers	Total
	Fr.	Fr.	Fr.
Adempprivile" Bank of Sassari	719,421	334,371	1,053,792
" " Cagliari	661,850	14,758	676,608

Therefore 1,730,400 frs. were distributed by the two above mentioned  
Sardinian Banks in agricultural loans.

\* \* \*

In conclusion, if we add to the amounts distributed by the above institutions, 11,926,877 frs. in all, those distributed the same year by the Savings Bank of the Bank of Naples and by the Agricultural Credit Division of the Bank of Sicily, of which we have already spoken (1), amounting to 2,185 frs., we obtain a total of about 31 million frs., as the amount distributed in 1911 in operations of agricultural credit on the part of the various establishments instituted in conformity with the special laws for the various regions of Italy (2). However, this amount does not represent the agricultural credit operations in the kingdom based on the above

laws but only those conducted with capital supplied by the central establishments; it therefore represents the portion of the invested capital of these establishments and not the total amount of agricultural operations. To know that amount, we should have to know the operations conducted by each of the intermediary institutions with their funds (share capital and deposits); we have not this information.

### 3. MISCELLANEOUS INFORMATION.

#### I. — ITALIAN SAVINGS ON JUNE 30TH., 1912.

##### SOURCES:

ESPOSIZIONE FINANZIARIA DEL MINISTRO DEL TESORO, On. Francesco Tedesco, fatta alla Camera dei Deputati, nella tornata del 7 dicembre 1912 (*Financial Statement of the Treasury by the Hon. Francesco Tedesco, placed before the Chamber of Deputies on December 7th, 1912*, Rome, National Press of G. Bertero & Co, 1912).

BOLLETTINO DELLE CASSE DI RISPARMIO ORDINARIE, pubblicato dal Ministero di Agricoltura, numeri apparsi nel 1912 (*Bulletin of the Ordinary Savings Banks, published by the Ministry of Agriculture, numbers published in 1912*). Rome. National Press of G. Bertero.

RELAZIONE DEL MINISTERO DELLE POSTE sul servizio delle Casse postali di risparmio per l'anno 1910 (XXXV). (*Report of the Post Office Department on the Postal Savings for the Year 1910, XXXVth. Year*). Rome, "Roman Workmen's Co-operative Press".

In our Bulletin for last July (No. 7, 1912, p. 137) we showed the situation of the savings deposits, in current account and in bonds bearing interest in the various establishments authorized to receive them, June 30th., 1911. We shall here show their amount on June 30th., 1912.

(1) See our number for October, 1912, p. 139.

(2) These figures do not apply to the special agricultural credit establishments; the work accomplished by the special land credit establishments, see our Bulletin for October, 1912, p. 127.

*Establishments of Issue:*

its in current account at interest . . . . .	91,701,013.72
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*Ordinary Credit Establishments:*

per of establishments. . . . .	155	—
cribed capital . . . . .	551,250,198	—
up capital . . . . .	538,603,916	—

*Deposits:*

ary deposits and bonds bearing interest . . .	750,748,110.27
gs deposits . . . . .	248,829,675.91
	<hr/>
	999,577,786.18

*People's Banks:*

per of banks . . . . .	367	—
cribed capital . . . . .	82,121,193	—
up capital . . . . .	80,517,359	—

*Deposits:*

ary deposits and bonds bearing interest . . .	243,994,437.07
gs deposits . . . . .	457,484,328.90
	<hr/>
	701,478,765.97

*Other Co-operative Banks:*

per of banks . . . . .	331	—
cribed capital . . . . .	45,115,250	—
up capital . . . . .	44,208,371	—

*Deposits:*

ary deposits and bonds bearing interest . . .	161,303,334.38
gs deposits . . . . .	348,555,753.26
	<hr/>
	509,859,087.64

*Ordinary Savings Banks:**Savings deposits:*

itors' credits . . . . .	2,471,144,619.05
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*Deposits in current account and bonds bearing Interest:*

itors' credits and amount of bonds in circulation . . . . .	104,786,064.55
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	<hr/>
	2,575,930,683.60

*Post Office Savings Banks:*

Number of bank books	5,927,823
Depositors' credits	1,874,428,892

*Pawn Establishments:*

Ordinary deposits and bonds bearing interest	120,101,892
Savings deposits	79,234,271
<hr/>	
	199,336,163

*Rural Banks*

Various deposits held in trust	99,234
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*Summary*

Ordinary deposits	1,472,634
Savings deposits	5,479,677
Deposits in the Rural Banks	99,234
<hr/>	
	7,051,546

The Italian savings therefore amounted on June 30th., 1912 to of 7,051,546,439 frs., against 5,728,379,917 frs., on December 31st. A large part of these savings (about 4,500,000,000 frs.), as we see in preceding table, was placed with the ordinary banks and the post office savings banks. And as we have often occasion to mention, these elements which serve the manifold purposes of economic action — public and private credit, stimulating and contributing to works of and social utility, — we shall briefly review their organization. In all, there is a great difference between the two kinds of organisation.

The postal banks work as branches of a central bank under State guarantee, the Loan and Deposit Bank, which concerns itself with the management of the deposits. On the other hand, the ordinary banks, to the people's banks, have a special action, contributing directly to satisfy the needs of local economy.

In regard to these banks, the law limits itself to providing for supervision and inspection, so that they may not degenerate into instruments of speculation. But their action is really regulated by the principles which they draw up for themselves or receive from the organization which they are founded. The legal condition of the post office banks founded by the State and not simply recognised by it, is on the other hand quite different.

There are now 185 ordinary savings banks, amongst which two classes are distinguished: those founded by the Communes or other civil persons above all by the Pawn Establishments, on which they are more or less dependent (the prevalent type in North and South Italy) and the banks founded by limited liability societies the object of which is the formation of banks (the prevalent type in Central Italy).

Milan Bank has a special character, for its board of management is appointed by the Commune, the Lombard Provinces and the Government; the same may be said of the Palermo and Carrara Banks, with a board appointed by the Government, and of those of Naples and Siena, being respectively on the Bank of Naples and the "Monti dei Paschi".  
So much premised, we shall mention a few provisions of the law of 5th., 1888, No. 5,546, on the organization of the Savings Banks. First of all, this title together with legal personality may be given to establishments proposing, according to the forms and conditions established by law, to accept savings deposits and find suitable investment for them, whatever the nature of the institution founding them. The deeds of constitution of banks founded by civil persons or under their patronage must be drafted in accordance with the laws and regulations proper to the various sorts of persons; banks founded by associations of individuals are constituted by public act. The initial endowment may not be less than 3,000 francs. As to the manner of investing the capital collected, the law leaves this to be decided in the rules, in which the maximum proportion together with the total amount must be established: (a) of the loans and mortgage accounts, (b) of the loans to civil persons. They are only forbidden by law, unless special authorization be granted to them by Royal Decree — for real estate beyond that required for their offices or such as they may use at forced sales of their debtors' property; in cases of this kind, or when the establishment acquires such estate by inheritance or gift, it must be sold again within the period of ten years.  
In addition, the savings banks must always devote nine tenths of their annual profits to the formation or increase of a reserve fund. The other tenth and even a larger proportion, after the reserve fund has permanently been raised to at least a tenth of the deposits of all kinds, may be used for works of benevolence or of public utility or for the progress of the institution.

The supervision of the Department of Agriculture, Industry and Commerce is exerted in the approval of the rules, in ordinary and extraordinary inspections, and in the examination of the half yearly accounts and the balance sheets. When the inspection reveals serious irregularity, or infringement of the regulations etc., the Board of Management may be dismissed, the Bank dissolved and a Commissioner appointed for a period of three months which may be extended to six. And when it is found there has been a loss of an amount equal to at least half that of the assets, as shown at the end of the previous year, the establishment itself may be forced to go into liquidation unless the founders (whether institutions or private individuals) within the period of a month from date of the discovery, pay up

a sufficient amount to enable it to resume and regularly continue operations in conformity with its rules.

And since, as has been said, the ordinary savings banks are like the banks and are not simple establishments for deposit, as in other countries, as in Italy itself the post office savings banks are, it will be interesting to consider the classification of their investments. A good half of the two and a half thousand million francs they administer is invested in securities, most all state securities. About three hundred million is invested in loans on mortgage and almost as much in bills of exchange, above all passed by farmers, who want to borrow on long maturity and have need of frequent renewals.

Next in importance among the classes of investment come those granted on note of hand, for the most part to communes, provinces, and consortiums, for carrying out public works, and credit current accounts, including both deposits in the establishment's current accounts in the most important banks and in banks of issue, as well as credits opened in current account for individuals on security of mortgage or bills of exchange.

Coming now to the post office savings banks (1), these were instituted in Italy by law of May 27th., 1875, No. 2,779 and received a strong impetus with the law of July 8th., 1909, No. 445, which raised the maximum amount for deposits at interest in a single bank to 4,000 francs.

In fact, five months after the promulgation of this law, the deposited credits increased from 1,497,733,473 frs. to 1,586,578,418 frs.; on December 31st., 1910, they were 1,773,578,777 frs and by June 30th., 1912, they had risen to 1,874,428,892 frs. with a total increase of 376 million in three years.

The amounts received by the post office banks are administered by the Loan and Deposit Bank which invests them in conformity with the law, above all in State securities, land bonds, and loans to provinces, communes and consortiums.

The amount of these last loans for the period from January 1st., 1910, to the end of November, 1912, is seen in the following table:

(1) At the end of 1910 the offices authorised for savings deposit business were 9,246



Let us observe that during the period 1903-1912, the Deposit and Bank (1) also granted loans to local institutions in communal and provincial bonds to the amount of 398,900,200 frs., which, added to the before mentioned amount for loans in money, that is to say 680,798,388.41 frs., up the considerable amount of more than 1,079,000,000 francs lent. of this sum as we have seen was employed for the advantage of agriculture being used for loans to consortiums for land reclamation and irrigation for subventions for road construction, the supply of water and for school buildings and various compensations for damages caused by storms or earthquakes.

\* \* \*

2. — AGRICULTURAL IMPROVEMENT CREDIT IN SOUTHERN ITALY THE ISLANDS. — On December 14th, 1910, the Chamber of Deputies discussion of the bill on provincial agricultural credit banks (2) passed a solution proposed by the Hon. Scorciani Coppola, asking Government to study suitable measures for the development of Agricultural Improvement Credit for the Southern Provinces and the Islands. In conformity with this resolution, the then Minister of Agriculture, the Hon. G. Rainieri, appointed a special Commission to study the question and make proposals for its solution. These proposals were embodied in a bill drafted by the Commission and presented to the Minister. Now, the "Giornale di coltura della Domenica" of December 15th. last (Piacenza, 1912, no. 48) has published a letter of the Hon. Scorciani Coppola, member of the Commission, in which the principal heads of the bill are indicated. In accordance with this bill, two independent establishments should be founded for granting agricultural credit, one for the provinces of the Southern mainland and Sardinia, and the other for the Sicilian provinces. The establishments should give long term credit for the purpose of agricultural improvements, such as the building of dwellings for the farmers, of stables for the livestock, and outhouses for the storage and manipulation of produce; road making for the benefit of farms; plantations, etc. The loans should be secured on mortgage and on the improvements carried out, and should be granted at the rate of 4% with a contribution of 1% from the State. The two establishments contemplated should also give short term agricultural credit through the medium of local institutions where these do not exist, to the farmers directly.

The initial capital of these establishments should consist of that of the above mentioned provincial banks, completed by advances from the

(1) The loans indicated in the above table require, besides the approval of the Board of Management of the Bank, also authorization by Royal Decree. For this reason, the amounting to 12,424,632 frs., authorized by the Board towards the end of November, and not yet sanctioned by Royal Decree are not shown in the table.

(2) See in this Connection our article, "Provincial Agricultural Loan Banks and the of February 2nd, 1911", in the number of this Bulletin for April, 1911, p. 223.

id Loan Bank. Especially for purposes of improvement credit, establishments might be authorized to issue agricultural bonds at up to the amount of five times their share capital; in the case of credits the Savings Bank of the Bank of Naples and of the Bank might discount their bills. In order to ensure their good working, establishments should be further assisted by a special technical charged to supply them with the necessary means for examining applications for loans, instructing the farmers as to the most profitable ments and the manner of carrying them out and finally supervising execution.

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#### PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN ITALY.

##### OFFICIAL PUBLICATIONS:

*sul servizio delle Casse di risparmio postali* durante l'anno 1910. Anno XXXV. Ministero Poste e dei Telegrafi. (*Report on the Work of the Post Office Savings Banks in the Year XXXVth. Year. Department of Posts and Telegraphs*). Rome. Roman Co-operative men's Press. 1912.

##### PUBLICATIONS OF THE CREDIT ESTABLISHMENTS:

*condo Congresso Nazionale* tenutosi in Torino nei giorni 23-26 settembre 1911. Casse armio italiane (*Proceedings of the 2nd. National Congress held at Turin, September 23rd-1911: Italian Savings Banks*). Turin. Eredi Botta, 1912.  
*inciale di Credito agrario per la Basilicata*. Relazione sull'esercizio 1911. (*Provincial Agricultural Credit Bank for the Basilicata. Reports for the Working Year 1911*). Potenza. ed by Garramone and Marchiesello, 1912.

##### OTHER PUBLICATIONS:

*Irduino*: Origine e sviluppo delle Casse di risparmio. (*Origin and Development of the Savings Banks*). Ferrara, Bresciani, 1912.  
*ro (Giustino)*: I monti frumentari nelle provincie napoletane (*The "Monti frumentari" in the Neapolitan Provinces*). In the "Rivista di Credito Agrario," Potenza, 1. January, 1913.  
*[Silvio]*: La statistica nei riguardi delle casse di risparmio. (*Statistics in relation to Savings Banks*). Rome, G. Bertero, 1912.  
*voli (Guglielmo)*: Le casse di risparmio (*Savings Banks*). Turin, Unione Tip. Edi- 1912.

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## ROUMANIA.

### AGRICULTURAL CREDIT FOR SMALL HOLDINGS IN ROUMANIA.

#### SOURCES:

RÉPONSE OFFICIELLE DE LA ROUMANIE au questionnaire établi par la délégation du comité permanent de l'Institut International d'Agriculture. (*Official Reply of Roumania to the questions submitted by the Delegates of the Permanent Committee of the International Institute of Agriculture*). — Bucharest. Government Press, 1908.

BILANȚUL GENERAL și Contal de Profite și Pierderi pentru operațiunile creditului agricol și ale Caselor de Credit viticol pe anul 1910-1911 (*General Balance Sheet and Profit and Loss Account for the Operations of the Agricultural Credit Bank and of the Viticultural Credit Bank in the Year 1910-1911*). Bucharest. Government Press 1912.

CASA CENTRALĂ a Băncilor Populari și Cooperativelor Satuști. Anuarul Băncilor Populare și Cooperativelor sătești din România pe anul 1910. (*Central Bank of the People's Banks and Co-operative Societies of Roumania. Year Book of the People's Banks and Co-operative Societies for 1910*). Bucharest 1912.

#### INTRODUCTION.

The number of this Bulletin for June last year contained an article on Agricultural Credit for Large Estates in Roumania. In it we merely mentioned the credit institutions for *small holdings*, reserving a fuller treatment of them for later articles.

Our Bulletin for October, 1912, in fact, contained an article on the Rural Bank of Roumania, founded for the assistance of small farmers and we have still to speak of the other establishments providing credit for small holdings, that is to say, the People's Banks, or rather the Federal body, the "Central Bank" of the People's Banks and Rural Cooperative Societies and the "Agricultural and Viticultural Credit Bank".

§ I. THE AGRICULTURAL AND VITICULTURAL CREDIT BANK.(A) The Agricultural Credit Bank.

The Agricultural Credit Bank was first organized in accordance with a law of May, 1881. Then it was made a State Institute by law of June, 1892, amended by the laws of 1899, 1903 and 1906. At present this establishment, which is dependent on the Financial Department, consists of two sections, with the principal object of lending to farmers. The first section lends to peasants and industrial farmers money necessary for agriculture and agricultural industries, the second is loans to farmers who, having obtained farms, are in need of money for their initial establishment (art. 4. of the Law on the Sale of State Farms). This Bank is founded for an unlimited period and can only be dissolved by a new law.

The first section was started with a capital of 20 million leis (= 1 franc.), fully paid up by the State. In exchange, the Treasury receives the profits of the "Agricultural Credit Bank."

The amount of the capital of the second section was not fixed by law. "Agricultural Credit Bank" was authorised to borrow from a bank such funds it required up to the amount of 3,000,000 leis. The funds of the two sections must be kept separate, although in the Balance Sheet the business of the two sections is shown.

It must be observed that the 20 millions contributed by the State to the Agricultural Credit Bank are also at the disposal of the People's Banks which, as we shall see later, avail themselves of the same, although to a limited degree, through the medium of their Central Bank, which, in this way, centralises and renders uniform the bookkeeping of all the People's Banks, that may require to have resort to the Agricultural Credit Bank.

We have before us the balance sheet of the Agricultural and Viticultural Credit Bank, brought up to March 31st., 1911, the most important features of which we reproduce below.

(a) Operations of the 1st. Section.

On April 1st., 1910 there were 245,437 credits amounting to 19,111 leis. Between April 1st., 1910 and March 31st., 1911, 198,684 new credits were granted amounting to 17,785,692 leis, and, in the same period, 284,609 loans amounting to 24,550,787 leis were repaid and consequently so that on March 31st., 1911, there were 189,814 outstanding for a total amount of 16,984,046 leis, 6,765,065 leis less therefore than in the preceding year. The decrease is due to the measures taken to limit the new loans, and replace them by loans granted to the People's Banks through the medium of their Central Bank. The consequence is that the business of the Agricultural Credit Bank is being continually further

reduced, by reason of the development of the People's Banks, which are better and better able to meet the requirements of the peasants.

Let us say, on the other hand, that the operations with the peasant banks and the peasants' co-operative societies were facilitated by means of new credits granted in the course of 1910-1911, to the amount of 4,305,879.40 leis, whilst the repayments during the same period amounted to 4,469,192 leis. While on March 31st., 1910 there was a balance of 6,410,741 leis, on March 31st., 1911 the balance was 6,247,428 leis.

In addition to the work above mentioned, the "Agricultural Credit Bank" has been charged with the liquidation of the debts of the peasants for alimentary produce, bread, grain, hay, etc., distributed during the famine of 1904 and 1905. These amounted altogether to 218,970 kgs., of the value of 32,434,793 leis. Including interest due up to March 31st., 1906, that is to say, 2,703,549 leis, the total indebtedness of peasants amounted to 35,138,343 leis, of which 7,903,602 leis were paid in accordance with the law of May, 1906. During the period 1906-1911, 14,581,232 leis were collected in capital and interest up to March 31st., 1911, so that the Treasury had still only to collect 12,653,509 leis.

(b) *The principal operations* of the second section are in connection with loans repayable in instalments intended for the constitution of peasants' farms, in conformity with article 3 of the law of 1889 on Sale of State Land.

These loans were authorized by the law for the building of houses on State land bought in lots by peasants, and the purchase of agricultural implements.

The amount of these loans repayable in instalments was only 70,000 leis on March 31st., 1911, so that the action of this section in behalf of home colonisation is comparatively limited. It must, however, be remembered that the New Rural Bank has been in part entrusted with this business (see *Bulletin of Economic and Social Intelligence*, October 1912), as concerns the owners of lots bought through the intervention of this bank.

#### B. *The Viticultural Credit Bank.*

Founded by law of January 19th., 1906, this bank began to work on April 1st, of the same year, with a capital of 2 million leis. It is under the same management as the "Agricultural Credit Bank," and the (Official) Reports of these institutes are published as joint reports. The object of the "Viticultural Credit Bank" is to provide the viticulturists who have suffered from the ravages of phylloxera with the means of replanting the vineyards destroyed. Since its foundation, up to March 31st., 1911, the "Viticultural Credit Bank" has granted, 1,105 loans amounting to the total of 4,647,300 leis, of which 151 loans for vineyards replanted amounting to 535,900 leis and 864 loans for vineyards to be replanted amounting to 4,111,400 leis.

The total area of land benefiting by the loans made by the Viticultural Credit Bank, is 2,412 hectares, 479 hectares of which are vineyards replanted and 1,993 hectares vineyards to be replanted.

Up to the present the capital advanced has been repaid to the amount 111,860 leis. The amount still to be repaid is therefore 4,535,440 leis. The Viticultural Credit Bank obtained the funds it required by issue of 15,700 bonds, divided as follows, in accordance with their nominal value :

1,900 bonds of 100 leis, represented . . .	190,000 leis
3,900 " " 200 " . . .	780,000 "
9,900 " " 500 " . . .	4,950,000 "
The total amount of these bonds is thus 5,920,000 leis,	

It is evident that the Viticultural Credit Bank, and the second section of the Agricultural Credit Bank do not do a large amount of business. In fact the first section of the Agricultural Credit Bank which, with People's Banks, shows the greatest vitality in the field of agricultural credit of every kind, but for short periods.

Summarising the principal results of this action, we shall show the amount of loans made by the Agricultural Credit Bank, from its foundation and that of the loans repaid.

## Loans Made by and Repaid to the Agricultural Credit Bank. (1)

Years	Loans Made	Repayments	Balance at End of the Year
1882	2,025,843	775,241	1,250,6
1883	13,755,392	9,488,286	5,517,7
1884	28,271,070	21,835,920	11,052,8
1885	24,907,174	20,050,769	16,869,4
1886	34,257,628	30,842,020	20,224,1
1887	25,470,045	23,333,514	22,301,4
1888	18,613,641	21,640,809	19,334,1
1889	15,197,855	14,023,166	20,508,9
1890	13,554,788	12,912,195	21,151,5
1891	12,958,265	12,387,993	21,721,7
1892	8,683,290	10,417,037	19,988,0
1893	16,465,303	17,072,933	19,380,4
1894	30,766,300	27,034,919	23,111,7
1895	29,049,167	31,873,464	20,287,4
1896	27,206,261	26,517,614	20,976,1
1897	1,466,427	487,934	21,954,7
1898	30,588,515	30,044,496	22,496,6
1899	28,799,646	28,993,338	22,304,4
1900	27,093,501	25,935,977	23,464,4
1901	25,712,216	28,567,355	20,607,1
1902	26,238,762	25,497,760	21,348,8
1903	29,806,605	26,366,889	24,738,3
1904	29,514,836	29,734,648	24,568,4
1905	32,177,070	28,823,968	27,924,1
1906	30,500,155	30,789,541	27,034,6
1907	29,008,908	30,304,749	26,335,1
1908	29,418,169	30,140,150	25,616,4
1909	28,112,535	27,797,618	25,924,4
1910	25,284,173	27,404,126	23,744,4
1911	17,785,692	24,550,757	16,984,4
1882-1911	692,689,232	675,705,186	-

(1) Up to 1896, the year is reckoned from January 1st., to December 31st, after 1897 from April 1st., to March 31st.

In examining this table we must not forget that there were two distinct periods in the activity of the agricultural credit bank. In the first, in 1882 to 1892, it developed under the former system of the 1881, in the second, from 1892 to 1911, in conformity with the law of June 1, 1892, which transformed the Bank into a purely State institution. It is, we see, that this activity, fairly important from 1885 to 1887, lessened appreciably towards 1890, to become again very intense after 1892, under the new system, subject to a new decrease in 1911, as we have seen.

PEOPLE'S BANKS AND THE CENTRAL BANK OF THE PEOPLE'S BANKS  
AND VILLAGE CO-OPERATIVE SOCIETIES.

In the number of this Bulletin for October-November, 1910, M. Olescu, in his monograph on Agricultural Associations in Roumania gives an important section to the People's Banks, giving their situation at the end of 1909. The rôle and influence of these banks is so important that we judge it well to return to the matter, as we have before us the latest balance sheet of the Central Bank of the People's Banks as at August 31st., 1911.

The preface to this document contains a table showing the progress made by the People's Banks in Roumania from the foundation of the Central Bank in 1902. From this table it appears that on September 1st., there were 700 banks with 59,845 members and 4,250,600 leis paid up capital, whilst on the 31st. of December, 1909 there were already 3,300 banks with 402,938 members, a subscribed capital of 42,775,313 leis, a paid up capital of 49,034,211 leis, and deposits amounting to 3,579 leis. The year 1910 marks a new advance, as there were then 2,656 banks with 454,187 members, with a subscribed capital of 52,724,875 leis and 61,016,395 leis paid up. The deposits in these banks amounted to 3,681 leis. Each bank had, therefore, on an average, 171 members, of whom had paid up an amount of 134 leis.

The number of banks had thus increased by 113 in that year; the number of members had increased by 51,249, and the fully paid up capital by 11,982,184 leis.

The members of the banks were divided as follows, according to their occupations:

farmers . . . . .	412,523
dealers . . . . .	8,281
artisans . . . . .	9,546
officials and landowners . . . . .	15,386
priests . . . . .	3,767
schoolmasters . . . . .	4,684
Total . . . . .	454,187 members.

We see that little more than 90 % of these are farmers. Let us mention that about half the members are illiterate. The paid up capital was divided as follows among the members:

*Distribution of the Paid up Capital among the Members.*

Individual Payments	Number of Members	Amounts Paid up	Percentage
From 2 to 50 leis	272,039	Leis 6,487,851	10.63 %
» 50 » 100 »	74,131	» 5,031,672	8.24 %
» 100 » 200 »	49,181	» 6,698,114	10.98 %
» 200 » 500 »	33,228	» 10,126,071	16.59 %
» 500 » 1,000 »	13,901	» 9,304,913	15.25 %
» 1,000 » 2,000 »	7,476	» 9,734,453	15.95 %
» 2,000 » 7,000 »	4,231	» 13,633,321	22.36 %
	454,187	Leis 61,016,395	100.00

The deposits at interest in the people's banks, in addition to share capital, were divided as follows:

*Distribution of Deposits.*

Deposits	Number of Depositors	Amounts Deposited	Percentage
From 1 to 50 lei	25,243	Lei 595,334	5.38 %
» 50 » 100 »	8,049	» 628,452	6.69 %
» 100 » 200 »	8,714	» 1,255,057	13.37 %
» 200 » 500 »	6,822	» 2,066,310	22.01 %
» 500 » 1,000 »	2,496	» 1,627,522	17.33 %
» 1,000 » 2,000 »	1,041	» 1,396,240	14.87 %
» 2,000 » 5,000 »	550	» 1,909,766	20.35 %
	52,915	Leis 9,388,681	100.00

The total loans granted by the people's banks, which amounted to 80,973,133 leis, included loans secured on personal credit or guarantee amounting to 31,567,053 leis, (39 %); loans on bills of exchange, amounting to 10,300,000 leis, (12.7 %); loans on agricultural products, amounting to 10,000,000 leis, (12.4 %); loans on industrial products, amounting to 10,000,000 leis, (12.4 %); loans on other objects, amounting to 18,049,027 leis, (22.4 %).

20,259,243 leis, (25%); loans on pledge or mortgage, 29,144,837 leis, (1).  
The total amount of 80,973,133 leis, 55,483,681 leis, or 68.5 % lent to members and 25,489,452 leis or 31.5 % to non-members. Figures may be divided as follows with regard to the object for which loans were granted:

*Loans Granted by the People's Banks, according to their Object.*

Object of the Loan	Number of Borrowers	Amount (Leis)
Stalls and Fodder.	178,341	16,650,218
Stock and Agricultural Machinery.	210,749	26,883,519
of Land or Agricultural Labourers.	70,413	10,342,948
use of Land.	71,971	14,674,351
Purposes.	70,239	12,422,097
Total . . .	607,713	80,973,133

The amount of the loans granted appears as under:

*Classification according to Amount.*

Amount of Loan	Number of Borrowers	Total Amount of Loans (Leis)	Percentage
1 to 50 Leis . . .	159,078	7,195,144	8.88 %
50 > 100 . . .	204,874	17,308,645	21.37 *
100 > 500 . . .	220,202	40,471,885	49.99 *
500 > 1,000 . . .	16,672	8,271,967	10.21 *
over 1,000 . . .	6,887	7,725,492	9.55 *
	607,713	80,973,133	100.00

**CREDIT OPERATIONS OF THE CENTRAL BANK WITH THE PEOPLE'S BANKS, CO-OPERATIVE FARMING SOCIETIES AND OTHER ASSOCIATIONS.**

On the 1st of January, 1910 there were 1,256 banks which had borrowed 5,039,884 leis from the Central Bank. In the course of 1910 the Central Bank granted other new loans amounting to 4,348,528 leis. The amount of the loans was, therefore, 9,388,412 leis. However, as 544 leis had been repaid in the course of 1910, there remained, on December 31st., 1910, 1,229 banks with a total debt of 4,866,868 leis,

a very large amount in relation to the figure of  $93\frac{1}{2}$  millions, representing the total business for the year (1).

The loans in current account amounted on December 31st, 1910, to 1,883,405 leis for 158 banks. Let us add that in the course of year 1910, 25 People's Banks were dissolved, as they were unable work or in consequence of their not having good managers.

Besides, in the course of 1910, 17 artisans' people's banks were founded, with 973 members and a subscribed capital of 185,305 leis of which 74,626 leis paid up, and deposits at interest amounting to 76,172 leis. There were also 3 co-operative societies founded with 60 members, with 12,690 leis share capital, and 5,649 leis paid up.

We must mention also that from the beginning of 1910, the law encouraging people's banks and co-operative societies of artisans and labourers has been applied.

We further call the attention of our readers to the *co-operative farms* also affiliated to the Central Bank of the People's Banks. For the we have total figures up to August 31st., 1911, and we see that, while in 1903 there were only 8 co-operative farms, renting 4,940 hectares for 94,786 leis, on August 31st., 1911 there were already 378 co-operative societies with 62,009 members, renting 283,381 hectares for 9,231 leis.

Of the area of the land farmed, 34.3 % belongs to private persons 3.2 % to the Church, 4.3 % to the Communes; 20 % to the State, 44 to the Rural Bank, and the rest to various institutions and hospitals. This shows that these co-operative farms are beginning to substitute themselves for the middlemen.

Besides these societies, there are also *co-operative distributive societies*, not less successfully developed. Thus, there were in 1907, 91 distributive warehouses with 2,925 members and subscribed capital 527,469 leis and paid up capital of 395,491 leis and a reserve fund 14,041 leis, whilst in 1910 there were already 204 warehouses, with 4,311 members, 1,420,122 leis subscribed capital, and 1,156,815 leis paid up, well as 133,047 leis reserve fund. These warehouses had sold goods to the total amount of 4,614,438 leis. Although their importance is secondary, we must not forget the 72 *co-operative temperance societies* affiliated to the Central Bank. They had 2,414 members with a paid up capital of 199,656 leis, a fund provided by the Communes of 29,659 leis and gave a dividend of 12,444 leis. They had sold goods to the amount of 1,775,608 leis.

Let us mention, finally, the *co-operative societies for the exploitation of forests*, 86 in number, with 4,382 members and 882,106 leis paid up capital, and also the *co-operative dairies*, 8 in number, with 311 members, a subscribed capital of 22,168 leis and a paid up capital of 9,831 leis.

(1) See *Anuarul Bancilor populare*, op. cit. 1910, p. 267.

In 1910, a commencement was made with the collective sale of agricultural produce through the medium of the Federation of the Peasants' Co-operative Societies at Bucharest. The results were fairly encouraging, for, in addition to the sales made by independent syndicates, 26 names and 9 sale societies sold collectively through the medium of Federation 866 truckloads of grain, hay, etc., valued at 1,200,000 leis. Thus, these people's banks and rural co-operative societies of every kind, together with the Rural Bank and the Viticultural Credit Bank, factors of the first importance in the economic elevation of the peasants in Roumania, and we shall not fail to keep our readers informed on the matter, from time to time as new reports of the three institutions of small credit are published.

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## Part IV. Miscellaneous

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### AUSTRIA.

#### NEW AGRICULTURAL LEGISLATION IN AUSTRIA.

by Prof. Dr. WALTER SCHIFF, *Vienna.*

#### INTRODUCTION: THE AGRICULTURAL REGIME IN THE MIDDLE OF THE 19th. CENTURY.

Some years ago the agricultural legislation of Austria entered on a new phase of its development, and this is a thing to be welcomed with the greatest satisfaction especially from the point of view of the small farmer. In fact at last reforms that science has long vainly waited for the protection of the farmers are projected.

If we wish to understand this recent phase of Austrian agricultural law, we must call to mind the course of agricultural legislation up to present. The legislation in question has above all for its object the abolition of the last remains and consequences of too feudal a system of agriculture. But to understand the determining cause of this legislation, its tendencies and what it has already accomplished, we must have a rapid sketch of the former agricultural system and cast a glance at the reforms introduced which have created and developed the liberal cultural organisation of to-day.

For our purposes it is not necessary to go back to the middle ages even to the time of the first settlement of the country. It is enough to consider the period just preceding the end of the feudal agricultural system, that is to say, the position at the end of the 18th. and in the first of the 19th. century.

It is, besides, no easy task to give, in outline, even a superficial sketch of the legal position of landed property at that date. Into the legal institutions of the time such various elements entered that an idea of a can hardly be formed to-day. The differences were partly due to the position of the farms, partly to the division of the inhabitants into

social classes. In certain cases the differences resulted from the legal position of the peasants in respect of the lands they occupied and in relation to the landowners. Sometimes, the differences concerned the right of the peasants to sell and work their holdings, sometimes the bond attaching the villagers to the commune, the right of possession, the rights acquired by custom over meadows and forests, distribution of farms, etc.

There were, besides, certain features common to the whole system. First of all, what remained almost unchanged was the division of the population into various social classes. The peasants, and not they alone, were "subjects" and as such enjoyed no immediate public rights. In common law they were subject to the so-called "authorities," who, in this case, were the masters of the soil or landed proprietors. Besides at the date of which we are speaking, the peasants were no longer personally dependent at all. However, they were, with respect to the farms they occupied, subject to their feudal lords. The latter also possessed, in common law, extensive powers with regard to their subjects, as, for example, the right of police, law justice, administration, etc. (1). Further these authorities had, in the last resort, owners' rights over the land occupied by the peasants subject to them, and had the right to exact from them the most various aids.

These principles, common to the whole feudal agricultural system, applied in the various regions of Austria, but in the most various manner. The legal position of the peasants was sometimes better, sometimes worse. From peasants literally crushed by their obligations and enjoying only quite an inferior form of possession, liable to be revoked at a moment, we ascend, by so to say a continual gradation, to peasants with almost free possession of their farms, a permanent occupation translatable to heirs, a condition approaching owner's rights, and often, in cases of this kind, these subjects had only quite insignificant burdens to support.

The importance of the contrast between the farms of pure *Grundherrschaft* and those subject to *Gutsherrschaft* (2) in this connection is great. Most of the land in the Alps and in the regions of the Karst belongs to the first class. Here in the South and West of Austria, the primitive mediæval system of *Grundherrschaft* is still in use, quite unmodified. The landed proprietor under this system possesses, it may be, extensive forests but he has not a large area of land he cultivates himself. Thus, it is his interest that his subjects should perform for him the part

(1) Cf.: the author's *Oesterreichs Agrarpolitik seit der Grundentlastung* (Austrian Agricultural Policy since the Relief of the Land from Feudal Burdens), and the article: *Agrarverfassung* (Agricultural System) in the *Staatswörterbuch* (Dictionary of Political Science) of Mischler and Ulrich.

(2) The former are farms over which the proprietor has only owner's rights; some, in turn for a certain rent, leave the possession to the tenants. In the second case, the owner himself works a large part of his land.

pal services he requires, as for example domestic service, supply the horses and draught animals for transport and hunting and perform other similar services. There are other obligations of a real character, such as the payment of interest. Yet he has no need of aids from subjects as far as concerns his agricultural labour. In the North and East of Austria, that is to say in the Sudetic Mountains, on the farms the Carpathians and in Lower Austria, this system of *Grundherrschaft* was developed and transformed. In the 17th century the landed proprietors succeeded in establishing on their farms the system of *Gutsverwaltung*, that is to say the organisation of a large farm managed by a master and worked with the help of compulsory aids from his subjects, a form of base service of every kind. For the purpose, the landowners contrived first of all to have the control, by just right or no, of large area of land. Then they increased to the utmost the manual work and the cartage they exacted from their subjects and in this way tained the labour necessary for the cultivation of their large estates. seemed to them that the best way to secure this labour was to reduce far as possible the legal status of the peasants dependent on them, though the seventeenth century lords of enlightened intelligence actively busied themselves in preparing a broad minded legislation for the protection of the peasants, that did not prevent the form of the agricultural system varying very essentially in the first half of the century in the regions of *Grundherrschaft* and *Gutsherrschaft*.

In each of these systems the legal status of the peasants still presented great differences. The peasant's right of possession might be more or less stable; it was absolutely hereditary or subject to limitations in its respect, simply a life interest or merely temporary. The peasant's holding could be alienated, could serve as security for the payment of a debt, be mortgaged or divided, sometimes with the consent of the possessor or owner's rights in the last resort, sometimes without his consent. In the South of Austria, there was full right of division in the case of peasants' farms, and it was the same, at any rate in practice, in the North East of the country. On the contrary, in the Alpine and Sudetic regions, the *Bestiftungszwang*, a legal provision by which no portion could be detached from the peasants' farms without consent of the authority, was in force. In consequence of this impossibility of the division of peasants' farms, it was forbidden even in the case of inheritance. When there were several heirs, a single one of them might have the farm constituting the inheritance; the others were registered as his co-heirs for their share.

The object of these regulations was to preserve a strong peasant class for production. They were even completed by provisions of similar tendency, not, however, to the detriment of the peasants but rather the owners of land subject to *Gutsherrschaft*. From the days of Maria Theresa the latter were forbidden to extend the area of their landed estates at the expense of those of the peasants. This protection of the peas-

ants (*Bauernschutz*) was rigorously enforced up to the middle of the 19th century, and it limited the growth of the great landed estates.

Certain limitations also imposed restrictions from the economic point of view on the free disposal of their land by the peasants, at instance of those who in the last resort had owners' rights over the farmland occupied by them, for they could take back holdings which were cultivated with sufficient care. Again, the village association limited the liberty of the peasants. There was a system of division of land, recalling by its diversity that of the primitive colonies. It is usual to distinguish with Meitzen the regions of Celtic settlement where there were separate independent farms and the settlements assumed the form of small villages: these take very different forms. There is the German National Village, which is a really compact group, the Czech National Village arranged in a circle with streets, colonies of German settlers in the form of villages, colonies in villages arranged in line and farms in the midst of forest and bush. The system of colonisation determined the manner in which the land was allotted for specific kinds of farms. We find peasant farms of one piece almost exclusively in colonies on wooded land, as private farms surrounded with hedges. We find them also in regions where the system of individual farms forming independent units is in vogue, but even in colonies of this latter character we find that many landed estates are composed of a certain number of scattered parcels. This is found, more or less, under all the other systems of colonisation, above all in the German National Village forming a compact group, where it is the rule and the system has assumed its characteristic forms. Each farm is composed of a large number of parcels, for the most part long narrow strips of land scattered in the country. The almost necessary consequence is that no parcel abuts on a road, and thus it is scarcely possible for the owner to get to it to cultivate it independently of his neighbour. This is what was expressed, at the date which we are speaking by the word *Flurzwang*: the commune, the entire group of peasants, by a majority vote, established the kind of time to be cultivated, the time for ploughing, reaping and other work, the time of closing the fields and that of opening them again for the cattle of the commune to pasture.

Thus, the ownership of even cultivated land was not absolute, and was even less so in the case of meadow and forest land. The former meadow and pasture lands were originally, for the most part the communal property of the village associations and in many cases that form of collective ownership has been preserved even to our day. And there are still, as formerly, very great varieties of it.

Already in the Middle Ages, the feudal lords had succeeded in acquiring possession legally or illegally of the meadows and forests, especially of the latter, the natural usufruct of which was enjoyed by the peasants their subjects. Quite particularly in the Alpine regions, but also in many others, these servitudes over forests and meadows were absolutely necessary for peasants living for the most part by livestock.

arming. These two classes of usufruct on the same land, enjoyed at the same time, by the landed proprietors and the peasants, soon led to conflicts, due to encroachments and violations of right on each side, above all because there was no definite degree established as to how far the subjects might profit by this usufruct, which was sometimes settled by custom and sometimes by the requirements of the house and the farm. The ownership of the soil naturally furnished the landlords with many opportunities for depriving the peasants of the usufruct, whilst the latter, on their side, had often the feeling, even the conviction, that the forests and Alpine pasture lands belonged to them really and had been taken from them illegally. Naturally this state of confusion was injurious to agriculture itself, for each party tended to exploit the soil as far as possible on his own account.

In other districts the peasant communes remained proprietors of the forests and meadows. But in the case of these communal landed properties (*Almenden*) the confusion was even greater and the land was cultivated with even less care. Nothing was fixed by law, neither the class of persons with right to the usufruct, nor the measure in which it could be enjoyed, nor the property to which it applied. Originally there were only peasants in the commune, who gathered, according to the requirements of their farm, the wood and dry litter for their livestock, and according to their requirements also brought their animals to graze. Later, there entered into the commune a large number of other persons, landowners in full right, labourers and tenant farmers, who wished to share the usufruct equally with their predecessors. In this contest, which continued for centuries and is not even yet terminated, the victory was sometimes with one, sometimes with another, of the parties, according to the distribution of forces and the organisation of power in the various communes, and it was besides more or less complete, resulting in an extraordinary variety of legal conditions. There was at that time above all an almost total lack of administrative and economic institutions. In consequence, those who had a right to the usufruct were constantly struggling to extend it, each as far as possible in his own favour. The soil is thus really pillaged and most of the communal landed estates were in most deplorable condition.

This agricultural system of the Middle Ages, with all its feudal emarginations we have just described, maintained itself in Austria even after the reforms of the Empress Maria Theresa and the Emperor Joseph, never rich in results, up to the middle of the 19th. Century, without any essential change. It was only with the great revolution of 1848 that a new era in agricultural legislation began. We may divide it into three periods. Between 1848 and 1868 the soil was emancipated, the titheades were abolished or regulated, the way was prepared for the free division of the farms. In three successive stages the feudal agricultural system was set aside to be replaced by a liberal agricultural system of law, though the last remains and consequences of the feudal agricultural organization which had proved injurious to agriculture, being extinguished.

There followed, up to the early years of the twentieth century, a period in which it was attempted, on the one hand, with no great success to complete the liberal agricultural system by the destruction of these remains and the elimination of the consequences of the old organization, and, on the other, to reform the liberal agricultural system of law by special provisions tending to keep the holdings undivided either by what is called the law of integral transmission to a sole heir (*Anerbahnung*) or by the registration of the holding in a special register (*Höferei*) or by the institution of *Rentengüter*. Finally, in recent years, the legislature has in part resumed these various tendencies in a manner far better adapted to the end in view and has also occupied itself with agricultural policy under many other forms.

#### § I. 1ST. PERIOD : THE LIBERAL LEGISLATION BETWEEN 1848 AND 1868

The liberal agricultural system now in force in Austria was not established at a single stroke. The foundations were laid in 1848 and 1849 with the emancipation of the soil, and they were completed in 1850 by the legislation on servitudes on forests and pasture land, and in 1860 and 1868 by the establishment of the free division of farms.

##### (a) *Emancipation of the soil.*

The out of date agricultural system and above all the forced semi-exacted from the peasants, the aids and base service which they had to render by finding odious and which, economically speaking, had become irrational, were among the principal causes of the revolutionary movement of 1848. And it had for its sole lasting result the emancipation of the soil decreed in the two laws of 1848 and 1849. By these hereditary service was abolished, and the modern liberal agricultural legal system founded. All the former privileges that the large landed estates of the two types above examined enjoyed with respect to the peasants' holdings were abolished without compensation and with them all the relations in common law between feudal lords and vassals. Then, in its turn, the ownership of the peasants' holdings by the lords as of right ceased. The peasants became full proprietors of the land they occupied. They could at their pleasure sell them, pledge them as security for debts and bequeath them. On the part of their neighbours there was no impediment to their cultivating their land as freely as they desired. On the other hand the measures for the protection of the peasants taken two generations before were abolished, for the former masters could again legally buy the peasants' farms. At first nothing more remained of the former legal provisions to the contrary except that by which a holding must remain of unalterable form (*Bestiftungswang*) and, in consequence, the special provisions with regard to the division of peasants' holdings in cases

entance remained in force as they had been up to then. But the influence of the feudal authorities was ended and only the State authorities could grant permission to proceed to the division of a peasant holding.

This complete revolution in agricultural organization entailed at the same time the abolition of the real and personal aids to which peasant holdings were subject, together with the rent on them, interest, etc., some cases without compensation and in others against payment of long fund instalments calculated fairly, at a low rate of interest. The work, affecting an immense area and of unexampled importance, was carried out without any difficulty and almost without any check, to the advantage of all concerned. It gave this enfranchisement of the soil a character impressed with strong sympathy with the peasants. If compensation had to be given for this enfranchisement, it showed it under the form of a kind of rent the peasants had to pay corresponding to only a small part of their former burdens. Then, at the same time, for the large landed estates it was a really important advantage. It prepared the way for intensive cultivation; it provided part of the necessary capital, it replaced forced labour badly and unwillingly performed by labourers undertaken.

The enfranchisement of the soil therefore is quite a matter of history. Since then, there has been no open attempt, even on the part of feudal lords, to return to the past. But attempts have indeed been made, clandestinely, to put matters again on the same footing as before.

We shall speak later of these in the 7th. section of this article.

#### *The Abolition and Regulation of Servitudes over Forests and Meadows.*

The similar operation commenced in 1853 with regard to the real aids mentioned in our introduction as burdening the lords' landed estates to the advantage of the peasants had not the same consequences. In the districts where the *Gutsherrschaft* was in force, the personal aids from the peasants had violently exasperated the rural population. It was by reason of the servitudes over forests and meadows, the excitement was no less violent in the regions where the *Grundherrschaft* prevailed, and above all in the Alpine districts, as also in Galicia and Bukovina. In the existence of these customary rights there was already the germ of conflicts that must inevitably break out between the landed proprietors who, as such, were not excluded from the enjoyment of their property and the peasants who enjoyed these servitudes and whose economic life was almost entirely based on these usages, without there being any provisions defining their scope and extension. The dissension might remain latent, as long as the things to which the usage applied had little or no exchange value. But it was bound to manifest itself soon as the population increased and industries and above all mining, for which the forests are so necessary, developed, and the area of the forests and meadows diminished through clearing and that of cultivated land increased. In the 19th. century it ranked until it became a real

combat conducted with passion and violence, and inevitably result in violations of rights and in excesses.

In the middle of the 19th century this state of things had become as unbearable as base service itself. But it was impossible to think of doing in this case what had been done in that of the aids and promises for the forcible complete abolition of the servitudes. In any, perhaps even in most of the regions, this would have been, at least at that date, deprive the peasants' farms, and above all those of the livestock improvement of their foundation.

Thus, the letters patent of 1857 enjoined the choice either of the abolition of the servitudes over forests and pasture lands or simply their regulation, that is, that their scope and extension should be defined. This regulation was always to be made when the parties desired it when the servitudes in question could not be abolished because it would be injurious to the cultivation of the soil or the exploitation of a portion.

In the detailed provisions for its application this law bears the impress of the date at which it was made, a period of political reaction against the Revolution the sympathies of which had been with the peasants. A large number of provisions are directly characterised by marked hostility to the peasants. Thus, in the case of the abolition of aids in kind the estimation of the natural produce corresponding was to be made in accordance with the average prices for the already remote period between 1836 and 1845, when these prices were very low. The result of this provision and certain others was that the equivalent of the abolition of the servitudes which might be calculated in money or land, often did not represent even the half or the third of the value of the former customary right. Many peasants, whose servitudes were thus abolished against payment of compensation were reduced to a deplorable economic situation on account of the total inadequacy of the compensation.

The regulation of the servitudes was also very hurtful to the peasants. Very great advantage was taken of the situation to reduce the minimum customary rights the large landholders objected to. The reduction in regions where they were indispensable to the economy of the peasants resulted in the ruin of the latter. In this mode of regulating there was no avoidance of obscurity, nor of the possibility of occasioning disputes and injury to those who had a claim to be protected by the servitudes. The law failed to establish limits and to introduce tranquillity and order, and the violent struggle excited in relation to customary rights over forests and pasture lands still endures. In this country the law and the authorities above all incline to the side of the large landed proprietors obliged to tolerate these rights. It is evident that, in the circumstances, the peasants who have rights to be enforced usually lose their cases. Thus, in our Alpine districts, the regularities offer the large landed proprietors excuses of every kind for damaging the economic position of the peasants, for preventing their exercise of such rights or making them abandon them.

In this way, the large landed proprietors at the same time obtain a result. They can increase the area of their farms and especially large game preserves. When the means for livestock improvement has been taken from them, the peasants, in most cases, can no longer live on their farms. They are compelled to sell, either voluntarily or by order of the court, and, as a rule, it is the large proprietor in the bourgeoisie who buys. Thus, during the last decades, game preserves of colossal size have been formed at the expense of the peasant proprietors. This is to be deplored from the point of view of general economy yet, the actual condition of the servitudes has contributed to it. Recently, for the first time, has a commencement been made of dealing actively with the matter (1).

(c) *The introduction of freedom of division.*

About 1870 a new liberal era began. It abolished the last limitations set by the law on peasant farms.

In a large part of Austria a provision remained in force, after the enfranchisement of the soil, by which a holding had to remain indivisibly of the same form (2), that is to say parcels belonging to a peasant holding could not be separated from it without the consent of the competent authorities. A consequence of this indivisibility was, even in case of inheritance, peasant farms could not be divided among the heirs. One child alone of the deceased took the farm and shared their share of inheritance to the credit of the others. The right of inheritance of brothers and sisters gave them equal shares. The attempt made by the Emperor Joseph to favour the one to whom the holding was assigned by estimating the land at less than its value, failed. This advantage only existed in the Tyrol, where the farm had been estimated in accordance with the charges the heir taking it could only support, and only there was there a special law of succession.

However, in the South of the Monarchy, in the Littoral, in South Tyrol and Carinthia, as well as in Galicia and Bukowina, the obligation to change nothing in the form of a holding has in practice never been imposed. It also fell into disuse in the second half of the 19th century in the other parts of Austria, for not only has consent to the division never been refused, but even very often no application was made to obtain it.

Thus, in 1867 and 1868 in every country of the Empire, with the exception of the Tyrol, special laws were promulgated; by which the obligation to make no change in the form of a holding and the provisions contingent on this relating to division in case of inheritance were abolished so far as peasant holdings were concerned. The same law established a form of subdivision.

See below, section § 3 (a).

<sup>1</sup> *Besitztumsgesetz*, see above, § 1 (a).

These laws were in practice rather declaratory than creative. There was not much to change in the then existing conditions. Later on, efforts were made to change them (1).

§ 2. 2ND. PERIOD: ATTEMPT TO REFORM AND IMPROVE  
THE AGRICULTURAL SYSTEM.

In spite of the liberal agricultural legal system introduced by laws we have just indicated, there were, however, still some remaining evident consequences of the old feudal agricultural regime. In 1883, and the following years, the imperial and provincial laws tried without too much success, to abolish the agricultural communities and the unscientific distribution of the farms. In this way, they sought to arrive at the establishment of a liberal agricultural legal system. Soon certain legislation went further. First of all it was sought, though quite in vain, in 1889 to abolish the equality of heirs and the free division of the land, and in 1900 to render possible the formation of *Rengüter*, legally limited in every way. We shall devote the four next sections to these legislative acts.

Further, the legislative activity of the various regions of the Empire began in 1870 to be exerted in every way for the improvement of the cultivation of the soil and the protection of agriculture. In a certain number of these countries, laws were promulgated on the undertaking of hydraulic works for the advance of agriculture and the improvement of leased estates, on reafforestation, on the protection of agriculture against pests, on the encouragement of livestock improvement, on protection of the soil, on the maintenance and protection of forests, the right of shooting and hunting, and game laws, on the organization of the representation of agricultural interests and other similar subjects. The Imperial Legislature was also working for the same by passing laws on the fight against phylloxera and contagious cattle diseases, in behalf of the improved cultivation of the soil by the exertion of hydraulic works, the plantation of trees on the slopes of ravines, in behalf of agricultural improvements and others of the same kind. However, as the same object is still being pursued, it is quite to the purpose we should speak of it as far as is required for our account of the recent period of agricultural policy (2).

(a) *Legislation on the division and regulation of agricultural communities*

The great confusion in the communal farms of which we spoke on our introduction had only become worse after the middle of the 19th century. The communal legislation had abolished the commune in

(1) Cf. : § 2 (c) and (d); § 3 (e).

(2) See below, § 3 (e), (f) and (g).

graphical sense as an administrative unit which had, up to then, been the proprietor of the communal holdings. And had replaced it the commune in the political sense, but had laid down no clear rule to the transfer of the ownership of the communal holdings. The result was a total obscurity as to the ownership which was further aggravated by the fact that often the new commune included several old ones. The result was also that it was often not observed that a new civil person had been introduced. Thus, the confusion which already existed in the communal conditions was further increased, by the fact that they developed very different lines. Sometimes the property of the old commune passed purely and simply to the new one, sometimes it remained with the locality. Often the owner of the domain to be maintained or reserved for the communal use was designated by the name of "neighbours" up to then employed, an expression indicating a sort of civil right not recognised by the law. The obscurity of the law, and its implications, the diversity and inconsistency of its application, the arbitrary manner in which the persons in enjoyment of rights exercised their rights, increased further to an extraordinary degree the disorder and confusion already existing. At the same time, the disputes between various economic classes in the agricultural communities became more frequent. The struggle in regard to communal holdings and the share in the enjoyment of them became more and more keen. In the agricultural communities there was more and more absence of order and of economic principles with regard to the exercise of these rights, while the communities occupied more than 30,000 sq. kms., or 21 % of the area of the land used for forests and pastures in Austria.

The farms worked in common were for the most part so neglected that it was scarcely possible to work them in an orderly fashion: the communal forests were devastated without the least consideration, the common meadows and pasture lands were covered with livestock. Or, with regard to the exploitation of the farms, economic organizations and institutions for defence that might with advantage offer opposition to the encroachments of individuals, were almost altogether wanting.

Attempt was made to combat these evils by the law of 1883. It left it possible for the provincial legislation to decide that a certain number of the enjoyers of rights might demand, even against the will of the rest, either the regulation of the common rights or their abolition or the means of the division of the land. When no principle of public advantage is opposed to it, the agricultural authorities, as public institutions, arm themselves with this regulation or division at the expense of all who enjoy the rights.

In the succeeding years, several provinces decreed the application of similar laws. Up to the present, very few of the agricultural communities have really been regulated or divided. Up to the end of 1910, a total of about 3 million hectares, these operations have only been carried out on 40,000 hectares, a little more than 1 %. And even when the rights have been regulated, very often this has only produced results

of little permanence. In fact, once the regulation had been effected the agricultural communities were left to themselves, for the agricultural authorities were obliged to occupy themselves with this regulation not with the maintenance of the new order of things, which they were charged to supervise or to compel. It is here that the new legislation undertaken in the first place to introduce modifications (1).

(b) *Legislation on the reunion of parcels.*

The success obtained in the struggle against the anti-economic distribution of land was still less important than that obtained in connection with the agricultural communities. The dispersion of the lots, the subdivision of the holdings into a large number of small parcels, little suitable form, to which there is no free access, in narrow streets are circumstances which in the end lead to bad results from the economic point of view: even when the reciprocal dependence (*Flurzwang*) by which the farms are burdened has no longer any legal existence, it continues no less in fact. Hence the impossibility for the farmers to apply a system of intensive cultivation on their lands, to introduce rotation of crops and even to be, with the employment of improved methods, free to choose the most profitable crops to cultivate. Cultivation then becomes more costly, supervision more difficult, the boundaries necessitate a certain loss of productive soil, improvements are prevented, and there are other disadvantages of similar character, all of which have assumed previous importance in Austria. According to a report of 1880, and as then conditions have not changed, there were, without counting Galicia, 24,574 cadastral communes, only 3,284 of which, or 13.4 %, consist of holdings completely farmed and 1,782 or 7 % of holdings only partially farmed. On the other hand, in about 45ths. of the total number of holdings consist of scattered parcels with all their consequent evils.

To remedy these evils, in 1883 an Imperial law was promulgated laying down the general scheme of measures to be adopted. Within the limits of this scheme, the provincial legislation has power to decide that a certain number of the proprietors of a district, even contrary to the will of the rest, may demand a new division of the soil as well as a restriping of the land concerned (2). The vote must be passed by the majority required for the purpose by the provincial law. Then, the agricultural authorities competent from the administrative, economic and legal point of view, will undertake this new scientific division in conformity with a long and very complicated procedure. The rights of the will be respected with the utmost care, with scrupulous attention to the necessary procedure whereby all opposing desires or claims will be finally settled. However, this new division will only really take effect after a second vote, when the majority of the landowners have expressed themselves in favour of the restriping plan and the number of such votes

(1) See below, § 3 (b).

(2) See *Bulletin of Economic and Social Intelligence*, 3rd. Year, no. 4, p. 212.

and with 2/3rds. of the farms registered in the cadastre. If, finally, required majority is not obtained, these long and costly operations altogether in vain, and those who promoted the undertaking of them jointly and severally bear the expenses.

Up to the present, this legislation has not led to results of real importance. In the first place, the corresponding provincial laws were only promulgated in a very few regions of the Empire, above all because the Government interested itself very little in the matter, even to some extent making opposition. Again, these laws, where they have been put into force, have only produced a minimum of their effect. What was above all an obstacle was the necessity in the first place of a second vote on the part of the district, of restriping already established, and this vote made the whole operation a simple experience of risks and dangers for those making the demand. Thus, up to the end of 1910, only 87 operations of the kind brought to a successful issue, while there were more than 20,000 names in which this restriping was required. This insufficient result is to be the more deplored as the results of the few operations carried out have been extremely happy and have led to a lasting and quite considerable increase in the gross and net produce of the soil.

However, it is clear why the Government assumed an attitude of indifference in the matter of agricultural communities and restriping.

It was because other plans of agricultural reform were brought forward that the liberal agricultural legal system, including among other things the free division of farms and the equally free right of transmitting them to heirs, as well as freedom to give them as security for debts, was regarded as the cause of the wretched situation of the peasants. Recently has the Government again begun to consider the importance of restriping for agriculture (1).

*Attempt at a reform of agricultural law with regard to inheritance of land (Anerbenrecht, Höferecht).*

The liberal laws promulgated between 1848 and 1868 (see § 1 a) abolished the protection of the peasants, their obligation to keep their holdings in their original condition, together with the provisions relating to division in cases of inheritance. All landowners acquired the liberty to sell, mortgage and bequeath their holdings entire or in part at their pleasure. In abolishing these ancient and obsolete restrictions, men promised themselves that they were supplying the peasants with an incentive to the furthering of their own interests, the advance of culture and agricultural production and with the requisite capital. The land would belong to those who put it to the best use. On the contrary, this was not the case in Austria alone, since 1880 it was said more and more openly, that only unhappy results were attributed to the liberal agricultural system, that this system was in the first degree responsible for the agricultural

1) See below § 3 (b).

crisis. It was said that full and entire economic and legal freedom, suitable in the case of working capital and industry and under urban conditions, but not in the case of rural land. The latter is not capital, it only a source of revenue. Liberty of division and of succession for numerous children, all heirs by the same title, must soon lead to extreme subdivision, and to the annihilation of the farms by this means.

The independence of the peasants was thus destroyed. If they were free to give their land in surety for debt, the consequence would be that their holdings would be excessively burdened and they would at last be evicted. We cannot here enquire how far these reproaches made against the liberal agricultural legal system were justified. It must suffice for us to know that up to the present it has not been found that this tendency to extreme subdivision exists where it did not exist before. Nor is the tendency towards excessive indebtedness of the land made itself manifest, nor have we seen those predicted seizures of the holdings of peasants. Besides, lately, in the agricultural circles themselves, these accusations have been made more and more rarely and with less and less assurance.

However, about 1880 and 1890, they had their influence on the legislation.

The first result was in the law of 1889, relative to "the introduction of special provisions in regard to liberty of division in case of inheritance of rural holdings of average area." It is this law which authorizes the provincial legislation to decide as follows with regard to peasants' holdings. If the peasant landholder dies without making other provisions, one only of his children shall receive the holding, and the brothers or sisters shall become his creditors for their portions. The child who takes possession of the property may eventually be favoured, when valuation of the holding is made, in so far as that deduction may be made, from the estimate, in his favour of a preference legacy not exceeding one third part (Law of Integral Transmission). Besides, the freedom of division and of sale may be reduced (*Höherecht*).

The Government soon presented to the Landtag, a series of bills for the application of this Imperial Law which indicated the general lines for them to follow. It was to be principally laid down that a cadastral map for all rural holdings of average area should be prepared, and that the division of holdings should only be possible with the consent of the authorities. Further, in the case of these holdings there should be a law of integral transmission. They should be valued in such a way that the heirs taking possession should be in a position to work the farms advantageously.

However, if we except the Tyrol, where there was only a reform of similar provisions already in force since the 18th century, the champions of the peasants' interests in every Landtag resisted the proposed regulations so energetically that the Government proposals were nowhere adopted.

The peasants were not so much averse to the law of integral inheritance, for it did not prevent their free disposal of their holdings; they could use the provisions to a dead letter, by making use of the system of partitions during life generally in use, by mutual understandings between heirs, by testament or legacy. They objected to the registration of their holdings in special registers and protested quite specially with their might against the limitations it was intended to impose on the sale of their holdings to persons of their acquaintance. The Landtags only changed their attitude when the Government ceased to insist on the limitations it had intended to put to the freedom of division of estates (1).

(d) *Attempt to institute Rentengüter.*

As we have just seen the legislation with regard to Anerbenrecht and Höferecht at first completely failed. However, the ideas on which they were based sought a new means for their expression. Thus, they were embodied into a number of reforms proposed by the Landtags, by which the liberty enjoyed by the peasants of dividing their holdings or giving them in security for debt would have been abolished or limited. But the result, except in Galicia and Bukowina (2),

The tendencies considered attained really complete expression in the Government Bill of 1890 on the institution of *Rentengüter*. And I must say a few words in reference to it.

In order to relieve peasants from their mortgages and save them from being forced to prevent their holdings being excessively subdivided and falling into the hands of persons not engaged in agriculture, the *Landesgenossenschaft der Landwirte* (Provincial Farmers' Consortium), which had been formed for the purpose, was to be authorized to form *Rentengüter*. These could not be sold, mortgaged, divided or transmitted to heirs without the consent of the above consortium. In order to do this, it would buy the holdings of those peasants against whom a writ of legal partition had been issued, it should then cede these holdings not against the payment of the purchase price, nor registration of this amount to its holder, but on an engagement to purchase in annual installments over a period of about 60 years. Legally, the holder of a *Rentengut* would not have free disposal of his farm; he would be under the supervision of the *Landesgenossenschaft*. He would have to obtain the consent of the latter before he could sell, divide or mortgage it. He would forfeit it to the *Landesgenossenschaft*, if he made any unauthorized changes, if he caused any damage to it or even if he did not fulfil his engagements. On the death of the holder, the *Rentengut* would revert to the *Landesgenossenschaft*. The latter, by virtue of its organization, would be entirely in the hands of large landowners.

(1) See below, § 3 (A).

(2) See below, § 3 (f).

The holders of *Rentengüter* would then have been legally and economically hampered and dependent upon the large landowners, and like the *vas* at the end of the 18th. century, in possession of rather imperfect own rights. Only their dependence would be cloaked under the apparent innocent form of the association. Under these circumstances it is to understand why experienced criticism hesitated over this bill, which not even discussed in the Reichsrat. We have however thought it right to mention it here, for it is quite characteristic of the efforts made by authoritative agricultural circles, and also because the ideas which tended to express themselves in it have been, to a certain degree, realized in certain provincial laws (1).

(1) See below, § 3 (2).

(To be continued)

## BELGIUM.

### ESTOCK PRODUCTION AND TRADE IN BELGIUM AND THE MEASURES PROPOSED IN VIEW OF THE HIGH PRICE OF MEAT.

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## INTRODUCTION.

The increasing cost of food, and especially of meat, is one of the most important questions of the day. It has assumed special prominence in recent years in Central and Western Europe, and has excited an alarming agitation among the consumers (1). Governments and Parliaments, asso-

(1) Cf. Increasing Cost of Life from the International Point of View. *Bulletin of Economic and Social Intelligence*, April, 1912.

ciations and private individuals have studied this important phenomenon in order to discover its causes and suggest remedies. But to the intrinsic difficulties in so vast and complex a matter as this, which extends to the most difficult departments of economy, there must be added the absence of statistical data, as well as the conflicting interests of the various classes, producers, consumers and dealers; difficulties which hinder the appreciation of causes, and the realisation of efficacious remedial measures. Nor are opinions agreed in the scientific field, either merely as regards the existence and the effect of causes of a general order, such as the increased production of gold or the increased consumption of various articles, but even as regards specific causes, such as, for example, the customs régime, the speculation of intermediaries, etc., etc. To this diversity of opinions is due the idea of an extensive international enquiry, idea quite specially championed by Fischer and Bauer and at present being carried out.

No less than its neighbour, France (1), Belgium has been affected by the crisis. It was felt in an alarming degree in 1911, in consequence of the drought, and aphthous stomatitis, which seriously affected agricultural production and especially that of animal produce. In the summer of that year, the markets were agitated by what have been called *butter riots* and the protests of the consumers against the increasing cost of meat, while the butchers defended themselves, declaring that the principal cause of the increase in prices was what they called the *sirloin riot* due to the majority of the consumers insistently demanding choice morsels.

In view of this state of things, the political bodies, associations and specialists in the matter occupied themselves with it and asked for the application of suitable remedies. The important subject was dealt with in the Chamber of Representatives in consequence of certain questions put in various sittings in January, 1911. The debate was almost entirely on the increasing cost of meat. It ended with the approval of a motion presented by the Deputy Hellesputte. He expressed his confidence in the measures the Government engaged to take to facilitate the supply of food for the working classes, to ensure public health and increase the agricultural production.

About the end of 1911, the Government appointed a special commission, called the *Butchers' Meat Commission*. It was entrusted with the re-organization of the trade in livestock and meat, equally in the interest of the consumer, the producer and the dealer. On its side, the Belgian Central Agricultural Society began to study the subject of the increasing price of food.

Before giving the results of the enquiries undertaken by these bodies, we think it advisable to put before our readers some of the principal elements entering into the question, that is, certain statistics relating to the production of livestock in Belgium, the importation of live

(1) Cf. *Bulletin of Economic and Social Intelligence*, October, 1911, November, 1912.

meat and the customs regulations on the subject, as well as the organization of markets and the consumption of meat.

### § I. LIVESTOCK PRODUCTION.

The situation of Belgium with regard to livestock production is partly difficult. On the one hand, it has the densest population in the world (1), which is continually increasing. On the other hand, the area reserved for agriculture and livestock improvement is decreasing more and more with the increased means of communication, roads, railways and canals, and the increase in the number of houses and factories. But spite of all this, Belgium has, in proportion to its area, more domestic animals than any other country.

Limiting ourselves to the consideration of horned cattle, the most important for our purpose, we find in Belgium 649.3 (2) head of horned cattle per 1,000 hectares and 258.9 head per inhabitant.

This extreme concentration of horned cattle is due to the large number of small holdings and farms, characteristic of the country (3), as well as to the science of livestock improvement which may be said to dominate in the agricultural population, disciplined and conducted on road to progress by numerous livestock improvement syndicates (4). The following data show the increase in the number of horned cattle between 1846 and 1909 (5).

#### Number of Horned Cattle in Belgium.

1846	1,203,891	1900	1,420,978
1856	1,257,649	1905	1,788,328
1866	1,242,442	1909	1,856,833
1880	1,382,815		

(1) With an area of 29,455 sq. km., Belgium has 7,423,784 inhabitants, or 252 per sq. km.

(2) This figure far exceeds those furnished by countries where livestock improvement extends to a large extent, like Holland which has 511 head of horned cattle per 1,000 acres, Denmark (472), Uruguay (438), Germany (381) and Switzerland (362).

(3) In the agricultural census returns of 1895, it was shown that out of 829,625 farms existing, 93 % were not more than 100 hectares in area: the agricultural statistical returns for 1909, which do not take into account farms of less than 1 hectare, show that 7 % of the cultivated area of Belgium, 1,769,441 hectares, belongs to farms of from 1 to 5 acres, 51.44 % to farms of from 5 to 30 hectares, and 21.59 % to farms of more than 30 acres. Small farms predominate above all in East Flanders, where 85 % of the cultivated area is occupied by farms of from 1 to 20 hectares.

Besides this, very small farms are extremely numerous: 55 % have not more than 50 acres. They are farmed by workmen, and consequently there are a great many in the industrial districts of Hainaut, the Province of Liège, etc.

(4) Cf. *Bulletin of Economic and Social Intelligence*, No. 11. November-December, 1911. *Exhibition for Livestock Improvement in Belgium.*

(5) According to the provisional figures supplied by the Government to the International Institute of Agriculture, the number of horned cattle in 1910 was 1,823,000.

If we take into account the livestock on small farms of less than hectare, not included in the agricultural census returns of 1909, we find that at that date a number of head of cattle, that may be estimated at 3 or 3 % were overlooked. The number of the livestock per 1,000 inhabitants therefore increased between 1880 and 1909 by 8 or 9.

## § 2. IMPORTATION AND CUSTOMS AND SANITARY REGULATIONS.

Although, as we have seen, the production of native cattle is considerable, it is not sufficient for the supply of the country. So it is necessary to have recourse to importation.

Before discussing the extent of this, we think it well to give some particulars as to the customs and sanitary regulations in force in Belgium.

Imported cattle are subject to customs duty and in their importation the observance of certain sanitary police measures is necessary.

The law of June 18th., 1887 fixed the customs tariff for live cattle and butchers' meat. For the former, the rates are as follows:

	Horned cattle	Per kg. live weight. francs.
Bulls and steers	. . . . .	.04
Oxen, bullocks, and calves with unused milk teeth	. . . . .	.05
Cows and heifers	. . . . .	.03
	Sheep	Per head
Rams, ewes and wethers	. . . . .	2.00
Lambs	. . . . .	1.00

Other animals (pigs, horses, poultry, etc.) pay no duty.

The duty on *fresh meat* is 0.15 fr. per kg. for animals entire or in half, and 0.30 frs. per kg. for other meat and game. According to the 1887 law, meat can only be imported in the form of whole animals or animals cut in half, or fore quarters on condition of the lungs being attached. This condition was abrogated in the case of mutton by the law of January 30th., 1892. The law of December 30th., 1892 only authorizes the importation of fresh meat of horses, asses and mules when the respiratory organs are attached.

The sanitary regulations in regard to domestic animals were decreed by the Government in accordance with powers conferred on it by article I of the law of December 30th., 1882, conceived as follows:

"The Government is authorized to prescribe, by Royal Decree, measures that the fear of invasion or the existence of contagious diseases of domestic animals may render necessary in the interior of the country and on the frontiers in regard to foreign trade."

Art. 2, lays it down that "compensation may be granted by the State to proprietors whose horses or cattle have been slaughtered, or their crops or other personal estate destroyed, by order of the competent authorities, with the object of arresting the propagation of contagious diseases."

The existing regulations contain a series of prescriptions regulating, permitting or forbidding the importation of animals at the various frontiers of the country.

Let us now consider the importance of the foreign cattle trade.

Commercial statistics have for some years shown an excess of imports over exports in the case of horned cattle and sheep. The gradual increase in the number of sheep in Belgium, as in all countries of intensive cultivation, renders it more and more dependent on foreign trade. In the ten years 1902-1911, the average excess of cattle imported was 64,392 head. This is certainly less than in 1880-1890: but the increase in the number of horned cattle in the country largely compensates this reduction. We shall see in the following table the fluctuations in foreign trade in horned cattle in comparison with those in the home production.

TABLE I.—*Foreign Trade in Horned Cattle and the Home Production of Horned Cattle.*

Years	Importation	Exportation	Excess of Importation	Number of Head of Cattle in the Country
1841	14,498	9,027	5,471	—
1845	9,908	16,375	— 6,477	—
1846	14,057	12,929	1,128	1,203,89
1850	22,151	25,164	— 3,013	—
1855	54,359	53,137	1,222	—
1856	45,161	44,230	931	1,257,66
1860	52,639	41,622	1,017	—
1863	54,122	36,193	17,929	—
1866	25,965	13,000	12,965	1,242,45
1870	66,669	36,959	29,710	—
1875	96,629	50,662	45,967	—
1880	140,359	49,436	90,923	1,382,8
1885	126,983	52,228	74,755	—
1890	101,291	6,449	94,842	—
1895	45,131	102	45,029	1,420,9
1900	60,631	84	60,547	1,657,4
1901	58,471	89	58,382	1,646,31
1902	56,055	104	55,951	1,640,55
1903	70,751	134	70,617	1,720,19
1904	64,936	67	64,869	1,782,39
1905	54,916	122	54,794	1,783,38
1906	63,201	286	62,915	1,779,68
1907	74,007	131	73,876	1,812,68
1908	75,731	204	75,527	1,861,48
1909	71,455	413	71,042	1,856,88
1910	63,418	409	63,009	—
1911	51,544	221	51,323	—

\* The figures showing the number of head of horned cattle in the country between 1900 and 1909, resulting from the Annual Agricultural Census Returns, must be considered as less than the reality by from 10 to 15 per cent.

The horned cattle imported into Belgium form 5 % of the total amount butchers' beasts offered for consumption, as is seen in the following table drawn up in accordance with the annual agricultural census returns, commercial statistical tables and data supplied by the veterinary service.

TABLE II. — *Horned Cattle Slaughtered and Imported.*

Years	Number of Head of Horned Cattle Slaughtered	Number of Head of Horned Cattle Imported for Slaughter	Percentage
1905 . . . . .	744,412	30,732	4.1 %
1906 . . . . .	779,892	36,341	4.1 *
1907 . . . . .	793,857	47,204	5.9 *
1908 . . . . .	755,337	47,621	6.3 *
1909 . . . . .	811,095	43,543	5.3 *
Total . . .	3,884,593	205,441	5.28 *

These figures show that native livestock still constitutes the chief of the meat consumed in Belgium and the introduction of foreign stock can only be considered a supplement, necessary certainly but relatively insignificant.

With regard to the importation of meat, statistics show that Belgium course to it only in a limited degree, as we see from the following table:

TABLE III. — *Importation of Meat.*

Year	Goods	Importation	Exportation
	Fresh Butchers' Meat { Pork, etc. . . .	33,465	856,692
	Other Kinds . . . .	89,077	289,139
1905	Other Kinds of Meat: Preserved . . . .	2,527,510	3,451,754
	Other Kinds of Meat: Not particularised .	9,440,074	1,308,690
	Fresh Butchers' Meat { Pork, etc. . . .	422,938	887,021
	Other Kinds . . . .	121,328	173,504
1906	Other Kinds of Meat: Preserved . . . .	3,841,143	3,135,775
	Other Kinds of Meat: Not particularised .	7,528,665	1,054,259
	Fresh Butchers' Meat: { Pork, etc. . . .	208,017	1,758,522
	Other Kinds . . . .	209,376	166,839
1907	Other Kinds of Meat: Preserved . . . .	3,839,174	4,081,645
	Other Kinds of Meat: Not particularised .	11,256,352	1,200,314

### § 3. ORGANIZATION OF THE TRADE IN LIVESTOCK AND IN MEAT.

After having considered the sources of supply to the market, shall deal briefly with the organization of the trade in livestock and sale of butchers' meat.

As we have shown above, every year from 750,000 to 800,000 head of horned cattle are slaughtered in Belgium for food. The markets for the sale of butchers' meat are those of Courtrai, Bruges, Gand, Antwerp, Liège, Namur, Anderlecht and Brussels.

In the period 1905-1911, the average number of head of cattle for sale on these markets was 298,000. So the butchers must obtain or 64 % of their supply from the producers.

The markets for the sale of butchers' meat vary in importance. That of Anderlecht alone is more important than all the others. It is about  $\frac{1}{3}$ rd. more head of livestock were for sale there than on all the other markets together.

It is supplied from every district of the kingdom and especially frequented by the butchers of the large centres of consumption, industrial cities and districts. The Anderlecht-Cureghem Market and Slaughter House Society possesses immense establishments including :

A roofed market where pigs are sold on Tuesdays, Wednesday being reserved for the horned cattle market, and Friday for the calves.

A lading station for the lading and unloading of cattle, which has 11 lines and is connected with the State Brussels-West Railway and the neighbouring railways, Brussels-Enghien and Brussels-Ninove;

Twenty two stalls for 1,800 head of horned cattle;

Accessory establishments for the treatment of the skins and of the slaughtered animals;

A covered enclosure, more than a hectare in area, arranged to serve as a market, that can contain about 5,000 head of livestock.

The farmer who desires to sell one or more head of livestock must bring them to the market and himself offer them to purchasers, on payment of a franc per head in the case of horned cattle. But generally it is best to resort to an agent. The owner of the livestock thus saves all trouble. He has only to forward the livestock to the agent at the slaughterhouse. The latter will arrange the sale in the interests of the customer, charging a commission of 5 frs. per animal. The proceeds of sale are forwarded to the owner by cheque. The trucks containing the cattle are brought into the vicinity of the market. The animals are taken in turn to the stables reserved for them.

About 800 trucks of livestock reach the lading and unloading platform each week. About 45 % of the animals sold are despatched again the Provinces.

The market is very busy, especially on Wednesday at 11 o'clock when the sales take place. The livestock is generally sold by live weight and consequently the throng at the weighing machines is enormous.

A simple and easy system has been adopted for the sale operations. The purchaser receives from the agent in charge of the weighing machine a paper on which the name of the seller, the name of the purchaser and the weight of the animal are noted : the seller inserts the price. The purchaser presents this paper at one of the special offices near and pays. After the market the seller goes to the office to receive the money.

The slaughterhouse building is large and provided with every implement in its halls and as regards its refrigerating apparatus. The conditions for the transport of livestock are becoming of continually greater importance for the equilibrium of the market and the regulation of prices. In Belgium, the numerous large railways and connecting lines, which traverse every part of the kingdom, furnish an admirable means by which reserve supplies of livestock may arrive rapidly economically from the centres of production to those of consumption. However, the parties concerned ask for still further improvements, above all for the reduction of the length of the journey and increased specialisation of the trucks.

#### § 4. CONSUMPTION OF MEAT.

Belgium has no official statistics on the meat supply. From the annual returns for two successive years and the commercial statistical returns, we may determine approximately the number of animals slaughtered for consumption<sup>(1)</sup>, but we have as yet no positive data as to the kind of the animals and the quantity of the meat obtained from them. However, a quite recent publication, of the Department of Industry and Labour<sup>(2)</sup> gives us some information on the point also for the period 1905-1909. This publication gives the results of an official enquiry carried out to satisfy the desires frequently expressed by the leather merchants and tanners. It was desired in fact to ascertain precisely the quantity, the kind, and the place of origin of the leather and hides actually produced in the kingdom. With this object, a schedule of questions was forwarded to all the communes of the kingdom, asking for detailed information as to the skins of horned cattle, horses, sheep and goats for the five years 1905-1909.

It was natural that an enquiry of this character should cover part of the ground of a problem of such great present importance as that of the consumption of meat. When accurate information had been obtained as to the number of head of livestock slaughtered, the consumption of meat, at least of those kinds of livestock that had been considered, per inhabitant, was very nearly ascertained.

In the statistical tables of leather and hides, all the skins which could be utilised, were included without distinction as to whether they

<sup>(1)</sup> See Table II.

<sup>(2)</sup> Statistique des cuirs et peaux bruts (1905 à 1909) suivie d'un aperçu relatif à la consommation de la viande. Brussels. Lebeque. 1912.

were derived from livestock intended for consumption or from such as had been declared unfit for food. In order to determine the quantity of meat consumed in the country, (always for the kinds of livestock to which the inquiry applied), it was therefore necessary to be in a position to deduct the number of those animals declared unfit for food. Provision was made for this by adding to the list of questions sent to the communes a supplementary question as to the number of animals pronounced unfit for consumption. Further special enquiries were made at the abattoir establishments as to the number of animals received in each of the five above mentioned years. Finally, the managers of the various slaughterhouses were questioned as to the average live weight and yield of meat of the animals slaughtered in their establishments.

A report on the consumption of meat, based on the results of these enquiries, was published as an appendix to the statistical return of leather and hides. It is divided into three parts: the first refers to the estimation of the amount of meat placed on the market derived from the animal to which the enquiry extended, the second is concerned with the amount of pork annually produced; the third deals with the calculation of the amount of the excess of meat imported. There follows a short concluding section in which the annual amount of meat consumed per inhabitant is calculated. We shall briefly indicate some of the results of this enquiry.

#### 1. Beef, Veal, Mutton and Horse Meat.

The statistical method above indicated determined, in round numbers as follows, the number of horned cattle, sheep and horses, offered for consumption.

TABLE IV. — *Number of Head of Horned Cattle, Sheep and Horses, offered for Consumption.*

*Average for the five years 1905-1909*

<i>Kinds of Animals</i>	<i>Number of Animals Delivered for Consumption</i>
<i>Horned Cattle:</i>	
<i>1<sup>st</sup>. Full Grown:</i>	
Oxen . . . . .	92,000
Bulls . . . . .	53,000
Cows . . . . .	186,500
Heifers . . . . .	107,000
<i>Calves:</i>	
Fatted calves . . . . .	279,000
Sucking calves (less than 15 days old) . . . . .	71,500
<i>Sheep:</i>	
Sheep . . . . .	239,800
Lambs . . . . .	12,600
<i>Horses</i> . . . . .	38,200

The answers of the managers of the slaughterhouses varied considerably, both as regards the average live weight and the average net yield of meat. The promoters of the enquiry did not think advisable, in determining the amounts for the whole country, to take a simple average of the figures given, but to take into consideration the number of the animals slaughtered in the various establishments and then to add together the results given by the principal slaughterhouses. The results of these calculations which, according to the promoters of the enquiry, may be considered as corresponding fact are the following:

TABLE V.—*Average Live Weight and Average Net Yield of Meat of the Animals included in the Returns.*

Kind of Animal	Average Live Weight Kgs.	Average Net Yield of Meat		
		%	Amount Kgs.	
<i>Horned Cattle:</i>				
1 <sup>st</sup> . Full Grown:				
Oxen . . . . .	600	55	330	
Bulls . . . . .	650	57	370	
Cows . . . . .	525	52	270	
Heifers . . . . .	475	55	260	
2 <sup>nd</sup> . Calves:				
Fatted calves . . . . .	120	62	75	
Sucking calves (less than 15 days old) . . .	—	—	18	
<i>Sheep:</i>				
Sheep. . . . .	45	50	22	
Lambs . . . . .	20	55	11	
Horses . . . . .	500	58	290	

The following table, based on the two foregoing, shows the total quantity of meat yielded by the animals offered for consumption, as well as increase of the average consumption per inhabitant, in proportion to the average population for the period 1905-1909.

TABLE VI. — *Annual Consumption of Beef, Veal, Mutton, and Horse Meat per Inhabitant.*

(Average for the five Years 1905-1909).

Kinds of Animals	Number of Animals Delivered for Consumption	Total Amount of Meat Obtained	Consumption of meat per Inhabitant		
			Kgs.		
<i>Horned Cattle :</i>					
1 <sup>st</sup> . <i>Full Grown :</i>					
Oxen . . . . .	92,000	30,360,000			
Bulls . . . . .	53,000	19,758,000			
Cows . . . . .	186,500	50,355,000			
Heifers . . . . .	107,000	27,820,000			
		128,293,000	17.54		
2 <sup>nd</sup> . <i>Calves :</i>					
Fatted calves . . . . .	279,000	20,925,000			
Sucking Calves (less than 15 days old)	71,500	1,287,000			
		22,212,000	3.03		
<i>Sheep :</i>					
Sheep . . . . .	239,800	5,275,600			
Lambs . . . . .	12,600	138,600			
<i>Horses</i> . . . . .					
	38,200	5,414,200	0.71		
		11,078,000	1.51		
			22.8		

2. *Pork.* — After showing the impossibility of precisely determining the amount of pork consumed annually in the kingdom, the promoters of the enquiry managed, with the help of the yearly agricultural census returns and the general agricultural census return of 1895, to give an approximate idea of the average number of pigs slaughtered in the period 1905-1909. According to the calculations made, this number is 1,586,587. Supposing that each of these animals gave on an average 80 kgs. of meat, the amount of pork produced would be 120 million kgs. and would imply a consumption of 16 kgs. 40 per inhabitant. This may seem little in comparison with the consumption per individual of beef, veal and mutton which was 21 kgs. 31. But it must be remarked that the annual agricultural census returns, on which this calculation is based, only deal with farms more than 1 hectare in area, and that there is a large number of pigs slaughtered for consumption not included in the estimate.

act, we know that small farms are very common in Belgium (1). According to the general census of 1895, out of 829,625 farms in the kingdom, 544,041 or 65.6 % had an area of less than 1 hectare; and 285,584 only 34.4 % a larger area. Now, if we take into consideration the great importance of pork in the diet of the country and that not only the large majority of small farmers, but also agricultural labourers, keep one or two pigs to fatten, we must recognise that farms of less than one hectare can contribute largely to satisfy the demand for sucking pigs and pork. It may be concluded that the yield of pork from these farms is equivalent to that from farms of more than one hectare. But, even admitting that it is only equal to half, or 750,000 pigs, the total amount of pork annually consumed in the country would still be 180 million kilogrammes, and the average consumption per inhabitant would be 24 kgs. 6.

3. *Imported Meat.* — According to the data supplied in the *General Table of Belgian Foreign Trade*, the average importation and exportation of meat in the period 1905-1909 was as follows (2):

	Importation Kgs.	Exportation Kgs.
Pork . . . . .	42,607	1,600,342
Others' Meat . . . . .	172,496	416,367
Boiled Meat, not particularised (ham, bacon etc.) . . . . .	15,625,867	5,144,284
Total . . . . .	15,840,970	7,160,993

The excess of the imports was therefore 8,679,977 kgs., implying a consumption of 1 kg. 19 per inhabitant.

#### 4. *Annual Consumption of Meat per Inhabitant.*

Adding together the figures obtained by these three calculations:

Beef . . . . .	17	Kgs.	54
Veal . . . . .	3	"	03
Mutton . . . . .			74
Horse Meat . . . . .	1	"	51
Pork . . . . .	24	"	60
Imported Meat . . . . .	1	"	19
	48	"	61

We find that the annual consumption of meat for the period 1905-1909 was 48 kgs. 61 per inhabitant (3).

1) See note p. 103.

2) In the above figures, those for game, poultry, rabbits and pâté de foie gras are not included.

3) In France the consumption of meat in 1909, exclusive of horse meat, was calculated at 57 kgs. 04.

## § 5. STUDIES AND PROPOSALS.

After having indicated in general outline certain elements of the problem of the increasing price of meat in Belgium, we shall briefly consider the results of the investigations made by the Central Society of Agriculture and the Butchers' Meat Commission.

*1. The Enquiry undertaken by the Belgian Central Society of Agriculture.*

In an important meeting in November, 1911, Albert Henry, the present secretary of the society, approached the much debated question of the increasing price of food, and, especially of meat. The state of the country complained of to-day in all the countries of central and western Europe has its general and permanent as well as its special causes. Among the former must be counted: the notable increase in the yield of grain and the corresponding diminution of its purchasing power; the general increase of consumption, above all of meat, not only in consideration of the larger number of consumers, but also in consequence of the larger quantity consumed by each and the better quality demanded; finally, the increase in the cost price of food, due to the higher rate of wages, to heavier customs dues and the new burdens consequent upon the social legislation.

Among the special causes admitted as explanatory of the crisis in Belgium, which, besides, is already subsiding, the presenter of the report insists quite specially on the epidemic of aphthous stomatitis and the drought, which were both at the same time unusually severe in 1911: the first affected the price of animal produce, the second also that of vegetable produce. These two causes in their turn increased speculation, itself a third cause.

After remarking that the increase in the price of food is first of all a consequence of the general economic conditions and of natural phenomena and that it would be, consequently, puerile to think of arrest its course by legislative and administrative measures, the presenter of the report demands as one of the most efficacious remedies for the purpose, the increase of production, the improvement of the means of transport of produce between the centres of production and consumption as well as the education of the consumer.

After the discussion of this report, the Central Society of Agriculture decided to undertake an enquiry into the increasing cost of articles of food above all of meat. For this purpose, it sent out a circular to its members asking them their opinion as to the chief causes of the phenomenon. It insisted on the following points:

1st. What degree of intensity has the crisis assumed in your region? Is it serious both for producers and consumers?

2nd. What remedies are to be sought for in relation to production, commercial organization, and customs regulations?

The Bulletin of the Society published the replies of its members in early numbers for 1912. They are generally in agreement with the as expressed by the Secretary.

We shall briefly indicate those which seem to us the most important. according to Baron de la Faille d'Huyse, one of the principal causes of the nmercial unrest generally and of the crisis in the food supply in particular is the fact that the paper circulation in the kingdom is too large, it is only to a small degree covered by the reserve of gold and hardly that of depreciated silver.

Thus Belgian paper is worth less than foreign and its depreciation has a great effect on the price of food. One of the special causes of the rearing cost of meat is, according to him, that the consumer has become more exacting and that even the lowest classes of the population want nice meat. So the butchers are forced to raise their prices to compensate themselves for the loss on those portions of animals considered inferior.ith the maintenance of customs and sanitary protective regulations, the port asks for the reorganization of the meat trade, suffering from two ental defects, the excessive number of middlemen and the ignorance the consumer.

M. Lacroix asks for encouragement for the rearing of animals to their large, measures for hindering the slaughter of young animals and the establishment of a commercial organization based on co-operative principles. He considers that the effects of the customs régime are not so important as is generally believed, for the livestock stopped at the frontier customs dues or the closing of the frontier enters all the same by land without paying customs.

M. Kahn of Antwerp, after observing that the crisis is subsiding, is for the institution, on the part of the State, of a vast system of agricultural credit adapted to the requirements of the farmers. The Abbé illarts reports that in the Province of Brabant the crisis exists neither for the farmer nor for the consumer. However, he deplores the enormous increase in the price of food and especially of linseed which has fallen into the hands of speculators. He expresses the desire that all the peasants' Unions and all the Federations for purchase of farm requisites may agree together to form a single *Purchase Office*.

According to M. d'Ydewalle, the district of Bruges has not suffered entirely from the crisis, which, in any case, especially affects the producer, the livestock improver: the high price of meat is not due to protective measures, but to the insufficient number of fattened beasts in consequence the drought and aphthous disease. The temporary increase in price has been maintained artificially by the butchers and middlemen, even when the price of livestock has fallen. He asks for a lower tariff for the carriage articles of food, and the maintenance of the protective duties.

To sum up, the enquiry led to the following conclusions:

1st. Question : *Seriousness of the crisis.*

The crisis was not so serious as it had often been represented, as if there were a crisis in certain regions, it was the farmer who was the victim.

2nd Question : *Remedies.* — No definite answer was given as to remedies to be applied, and this is not surprising as the causes of the increasing prices, as the Secretary had remarked, are in the first place causes of a general economic nature, and a quite natural character, before which man is completely disarmed. However, all are agreed, that in view of the general increase of consumption, production must be increased to the utmost and in every way possible. In addition, the circulation must be improved : the late crisis was largely due to speculation. The best way to overcome it, observes the report, is accurately to fix the prices, at least the wholesale prices, of articles of food, and to give them sufficient publicity so that they may be known by the consumers. The establishments in which the sale of the produce is centralised will therefore do a useful work if they published really reliable lists of prices. And here, M. Henry calls to mind " that it is on these principles that the International Institute of Agriculture in Rome is based, which attempts to ascertain and publish the conditions of the various crops and different kinds of produce in the world, so as to defeat speculation. As a means of defence against the middlemen, the foundation of co-operative slaughterhouses is suggested. But in view of the various attempts of this character which have not succeeded, this remedy which presents many unknown and serious risks did not find favour with the majority. In fact, concludes the report, for the success of this form of association a corporative and economic education is necessary, such as does not as yet exist in Belgium, nor elsewhere, in other countries. Instead of trying again, it goes on, it would perhaps be preferable to increase the number of markets and the relations between producers and consumers. And here comes the question whether it is better to have a large number of small local markets, or a limited number of large markets where the amount of goods and the number of customers ensure steadier prices. On this matter, the report proposes that the Society make special studies.

With regard to the customs system, the third point in the enquiry as to remedies, two opposing currents were manifested. The more important one is in favour of the maintenance of the present conditions, the other seeks the suppression of all protective measures. The report assumes a position between the two : while maintaining, as a whole, the existing system, it proposes the grant, by way of exception, of certain facilities for the importation of unfattened livestock. A project of this nature was, as we shall see, formulated among the conclusions recently presented by the Commission on Butchers' Beasts.

*The Commission on Butchers' Beasts. Conclusions and Proposals.*

This Commission, founded by Ministerial Decree of November, 1911, at the Department of Agriculture and Public Works, was set to seek what improvements might be made, within the limits of existing customs and sanitary legislation, in the trade in livestock meat, equally in the interest of the consumers, the producers and dealers in butchers' meat.

Thirty one persons were appointed to form part of this commission, selected from various classes, among public officials, representatives of agricultural and commercial associations, livestock improvers, veterinary surgeons, butchers, etc. Amongst them were included, M. de la Motte, General Manager of the Rural Office ; M. Schreiber, General Manager of Agriculture and M. Henry, Manager at the Agricultural Experiment Station. The two last have been appointed respectively Secretary and President.

From our account of the customs and sanitary system in regard to stock and meat, an idea may be formed of the limits of the powers of this commission. The subject of customs dues is absolutely outside its jurisdiction. It has, on the other hand, an immense task to accomplish in the field of health regulations. In this connection all accept the principles of the 1882 law. The only difference is as to the application and the commission may give its opinion in what relates to them.

The Commission is subdivided into three sections for the study of problems inherent in the supply of the market, trade and consumption.

Numerous preparatory reports have been drafted by the three sections and submitted for discussion. The labours of the first working section have been summarised in a general report from which we have derived various particulars and data for this article. In this interesting section we do not find dissertations on the causes of the increasing production of cattle and meat. The Commission has limited itself to showing the general character of the phenomenon, and, keeping to facts, its object has been to seek for reforms capable of practical and immediate realisation, always within the limits of its competence.

The conclusions of its studies are summed up in a series of concrete proposals which, although not invading the large field of customs regulations, have none the less importance.

Before giving their tenor, we think it well to dilate a little on a point of capital importance, that is, on the most suitable means for increasing the native production of livestock.

Everybody now recognises that the home production of livestock is at present insufficient for the requirements of the country. It is therefore first of all necessary to continue to encourage its development, not by too much on foreign livestock, to let it take the place of the home breed, on the pretext that the cost price is less, means, in the opinion

of the Commission, running the risk of compromising the future of supply and then being obliged to place ourselves in the position of the importers as far as concerns the establishment of prices. Even apart from all considerations of sanitary nature, the trade in livestock can in no way be compared with the trade in other kinds of goods, for necessitates special equipment of the establishments, constant care, a large expenditure in feeding the animals during their journey, the stock is liable to many risks which increase the cost of transport. The difficulties exclude the trade in animals from the facilities possible in the case of other articles of food, and lead to the centralisation of traffic in the hands of a small number of persons, which is evidently favourable to understandings detrimental to the interests of the butchers and consumers.

To these considerations, we must add the possibility of circumstances that may interfere with or quite stop the transport, such as war, blockade, a disease causing the prohibition of the import of livestock, a strike of the workmen employed in the transport, etc.

All these dangers will be avoided if Belgium can count on an important contingent of native livestock. We must therefore arrange for an increase. In what way? We have seen the special conditions of the kingdom; its limited and decreasing agricultural area, in face of the increasing density of its already large population, and the increase of industries, form an obstacle to the development of its livestock improvement which, however, is already in proportion more important than in any other country in the world.

However, the Commission states that these obstacles are compensated for by the admirable qualities of the Belgian population as scientific livestock improvers. In addition, statistics show that livestock improvement is far more intense where small farms prevail: in the small cantons, the number of head of horned cattle was 170 per 100 hectares area included in the census returns, whilst it is no more than 78, that is to say less than half, in the large farm cantons. The number of pigs is relatively 82 or 24 per 100 hectares.

The Commission has paid great attention to this, and, among the most suitable means for encouraging the development of the livestock production, it puts first measures for the facilitation of purchase and construction of homesteads, as well as the extension of market gardening.

To make up for the scarcity of labourers, which is one of the obstacles to the development of the livestock improvement industry on large farms, the Commission calls for the increased use of agricultural machines.

It insists further on a larger cultivation of cattle foods and the improvement of the breeds. For this purpose, it proposes to improve the professional education of the farmers so as to reduce the price of livestock more and more. The fight against contagious diseases must be resumed and severe sanitary measures must be applied in the case of foreign cattle entering the country. Finally, the existence of

vated land that might be transformed into arable land and meadows, for instance, in the Campine, offers a possibility of a large increase in the production of Belgian livestock. As public institutions and private persons cannot, as experience shows, carry out such a work independently, the Commission asks for the constitution of associations like those recently formed in Holland.

Meanwhile, however, we must fill the void due to the insufficient meat production. It may be filled by importing meat and livestock. We saw above, Belgium imports little meat. The Commission did not consider it advisable to propose measures for the encouragement of this importation. Belgium allows the import of Argentine frozen meat on payment of the established tariff (1), subject to the approval of the sanitary inspector, provided, in the case of horned cattle, the lungs are attached to the trunk. These provisions do not prevent the importation of this meat, which pays higher duties in other countries. To increase further the import of meat would be, in the opinion of the Commission, not only contrary to the interests of the farmers and livestock owners of the kingdom, but also to the trade in butchers' meat and the districts connected with it.

But the Commission considered it preferable to facilitate the import of livestock. Dairy cows, and cows in calf with at least four teeth, are only allowed to enter Belgium together with butchers' beasts for immediate slaughter. Conditions are unfavourable for the industry of fattening livestock, for it is forbidden to import lean animals. Now are the material required for this industry. The proposal of the Commission to facilitate the import of lean oxen with at least four teeth will be no menace to the efforts for the improvement of the breeds ; it will besides place a larger number of animals at the disposal of the farmers and a larger quantity of butchers' beasts of excellent quality in the market. The fattening industry would gain by it, and so would agriculture, through the additional organic manure.

We shall now give the complete text of the proposals made by the Commission on Butchers' Beasts.

#### CONCLUSIONS.

##### I. *Supply of the Market.*

###### A. — *Native Livestock.*

- 1st. To grant further facilities for the acquisition and upkeep of steads ; to extend to small farmers the benefits of the law of August 1889 on Workmen's or Cheap Dwelling Houses ; to apply these benefits to farms of an area not exceeding  $1\frac{1}{2}$  hectare.
- 2nd. To develop market gardening ;

<sup>1</sup> Cf. page 104.

3rd. To encourage the foundation of schools of agricultural mechanics; to subsidise establishments where agricultural mechanics may be taught; to include this subject in the programme of higher and middle education and to notify the farmers, by means of lectures, of the advantage of improved agricultural implements, and the economy to be realised by employment of them;

4th. To organize lectures and experimental farms in larger numbers in order to show the advantages resulting from the employment of chemical manure and selected seed;

5th. To increase the number of demonstrations of scientific farming and lectures to farmers and farmers' wives on matters connected with it; to place at the disposal of the farmers easy means for judging if the livestock is fed economically, and thus help them to reduce their breeding expenses, if need be;

6th. To improve the present organization of the livestock shambles and syndicates, giving special attention to the capability for transformation of the animals and encouraging the increase of the number of the animals the improvement and utilisation of which are the most remunerative; to organize shows no longer for administrative divisions, but for large districts, aiming at obtaining a well defined type, suited to a district; to contribute to the establishment of official or voluntary stations for the study of the capacity for transformation presented by various species of horned cattle and pigs;

7th. To seek for the most efficient means for combating epidemic cattle diseases;

8th. To amend and complete the public health regulations so that the allowances granted in consideration of the fight against contagious disease may be more profitably employed and to provide a remedy for the indifference of certain local administrations;

9th. With a view to the transformation of moors and heaths into arable land and meadows, to make new roads, connecting and connecting railways, canals for the transport of fertilisers and cattle foods at low rates; to assign subventions for the promotion of undertakings on the part of public institutions or private persons: for example, the foundation of a society, like the "Heideontginningsmaatschappij" in Holland, to undertake on a large scale the clearing and sale of moors and heaths on behalf of communes and private proprietors under State supervision and guarantee;

10th. To encourage and protect our national livestock improvement; only to import live cattle from countries where cattle diseases are not endemic.

#### B. — Butchers' Meat.

To maintain, in the interests of the public health, the necessary measures for sanitary inspection both of imported meat and that derived from native livestock.

*C. — Foreign Livestock.*

To authorize, together with the importation of butchers' beasts, that of oxen with four teeth and more to be fattened in Belgium, in the sanitary conditions of the country exporting are such that the government allows the importation of dairy cows from thence.

*II. Trade.**A. — Transport.*

To accelerate the transport of livestock by rail; to organize for the pose special fast trains; to create a type of truck better suited the transport of live animals and to ensure the efficient disinfection the trucks used.

To create a type of refrigerating car for the transport of meat.

*B. — Injection of Tuberculin.*

In cases of slaughter of horned cattle which have reacted to the tuberculin test, to suppress the intervention of the police and to resort the good offices of the veterinary inspector to put a stop to disputes which might arise between buyer and seller in consequence of seizure.

*C. — Redhibitory Defects.*

- 1st. To extend from 5 to 9 days the term within which the action validation of sale of butchers' beasts may be presented.
- 2nd. To extend the guarantee area from 50 to 100 kilometres.
- 3rd. In case of confiscation of parts, to authorize action for reduction price when the amount confiscated is at least a quarter.

*D. — Lists of Prices.*

To institute a commission composed of three members (a delegate the sellers, a delegate of the buyers and a delegate of the Agricultural department), charged to fix the prices after each market, distinguishing qualities in each class of animals and to give any other indications the conditions of the market.

*III. Consumption.**A. — Statistics of Consumption.*

To organize statistics of the meat delivered for consumption, inviting the directors of slaughterhouses and the experts in meat to indicate average number and weight of the animals slaughtered.

B. — *The Butchers' Profession.*

To organize apprenticeship, temporary courses and professional schools for trades in connection with food. Especially to teach in the butchers' trade, with instruction in the utilisation and preparation of the less esteemed kinds of butchers' meat.

To encourage the refrigerating industry.

C. — *Education of Consumers.*

To increase the number of courses of household economy in the country as well as in towns, to establish schools for adult women and for young girls and lectures at the farm women's clubs (1). To induce the population to use boiled and stewed meats more extensively in their diet as more economical, as well as also fish and vegetables and to make greater use of farm produce.

(1) For these very characteristic institutions, see *Bulletin of Economic and Social Intelligence*, May, 1911, p. 43, the article on "Farmwomen's Clubs."

## DENMARK.

### SOCIAL ACTION OF THE PEASANT " HIGH SCHOOLS."

#### SOURCES:

• (Louise) : *Les Ecoles paysannes danoises. (Danish Peasant Schools).* — *La Revue scientifique et critique des Revues*, December 1st. and 15th., 1912.

The high standard of intellectual culture of the Danish peasants the marvellous progress made by their economic institutions have not failed to impress all those who have been led to study them closely. In article she has just published in the Revue, with ample reference to authorities, Madame Louise Cruppi, who has returned from Denmark where she has been studying, points out the important part played by the "High Schools" through which 47 % of the young rural population pass, in the preparation of the farmers for their work. We shall briefly summarise the information she has collected with regard to the origin, the development and the results of these institutions.

#### § I. GRUNDTVIG AND THE ORIGIN OF THE " HIGH SCHOOLS."

The "High Schools" owe their origin to Grundtvig, (1783-1872). In 1832, Madame Cruppi tells us, Grundtvig had to leave the Ministry and went to London. This journey was to influence him profoundly. Up to then he had only lived in his books; the active, practical life of England, their taste for physical exercise, their ineradicable spirit of national independence, above all the excellent principles of their schools, the point of view of the moral education of the young, strongly impressed him. In 1832 he first put forward the idea of a new school: in 1833, in a meeting of several thousand citizens, he declared, "it was necessary to elevate the people, and for that purpose to revive their religious and patriotic sentiments; that no beauty is too high for them; the purest sources of intellectual and moral life must be placed within their reach; that with the new schools a living, real and national education should be created."

With this object the Rødding school was founded, destined to become the University of Askov. It was said in the programme that education to be given was not to be technical, that it was only to aim elevating the mind, opening new horizons in every direction, cultivating the patriotic, religious, aesthetic and moral sentiments, turning out enlightened citizens, capable, on quitting their homes, of learning a culture or any other profession with profit. No diploma is given on leaving. The Government proposed that the School should organize examinations, giving a diploma entitling the students to enter the Copenhagen Agricultural School. The answer to this proposal is characteristic:

"Our object is to awaken the spiritual life, by means of free lectures to excite patriotism through a right understanding of the language, culture and history of our country. We wish to do for the civic life of people what the Church is doing for their religious life. The more in which we succeed in touching our pupils, in rousing their appreciation for what is high and noble in human life, is more important for us than that in which they acquire a grammatical idea or solve a mathematical problem. We want them to do that also, but as subordinate to the principal work. Our pupils must leave us full of desire to devote themselves to noble ends. What information they lack they will easily acquire but it is evident our education cannot adapt itself to an examination programme."

#### § 2. THE PRINCIPLES OF THE "HIGH SCHOOLS."

Though theorizing on the subject, Grundtvig was never able to realise his idea. We may say his scheme of practical action remained theoretical. He never even expressed the organization he wished for with detailed precision. He only formulated the principles and inspired others with the enthusiasm necessary for their application. In this a power of adaptability has been preserved, a possibility of variety that a too rigid programme would have excluded.

One of the most important principles is the absence of anything technical; the education is general, applicable to any profession.

Another rule relates to the age of the pupils; they must not be children, but young persons of from 18 to 25 years. It is at that age, said Grundtvig, that one is most susceptible to lasting impressions.

The instruction must be exclusively oral. The professor must not use any book, any notes: he must come into relation with his pupils by means of a real familiar conversation. Grundtvig insists on this point. The voice alone, he says, "coming from a human breast, can give wings and strength." Since the object is not to impart special knowledge, but to communicate with souls, we can only do the work, "in

word that is heard, that goes into the unseen to awake the invisible  
al life."

As regards the teaching of history, above all of the national history, it is the most important subject of his programme, Grundtvig does want cold general considerations, statistical tables, material facts ed by heart in chronological order. History must be related, says-  
1 poetic language, "as it passed from mouth to mouth in the recit-  
s of the Scalds." Many facts were lost by the way, but what  
t matter? The artless impression of the people nicely distinguished  
was essential from what was not. Its criticism was the oblivion into  
1 it let what was not required for its development fall.

Let us pass to the civic instruction. The school, said Grundtvig,  
st not be a political tribune, but the pupil must be given a sufficient-  
ar idea of the existing political conditions in order that he may not  
efenceless into the hands of party. He must be prepared for the com-  
l administration. The school must be a good nursery for communal  
is."

Grundtvig also strongly recommends good instruction in the Mother  
re. All those who leave his schools will speak and write Danish  
ctly. They are already prepared by elementary instruction for  
longer time than in other countries, since the Danish school keeps  
hild until he is 14 or 15 years old; but the High School will resume  
ction in the language and will carry it on to a degree of refinement  
rare among the peasants. The system dispenses, as we have seen,  
all examination and all diplomas. The Grundtvigian principle  
proscribes all interrogation of the scholars. Sometimes they are  
ioned collectively, never individually. The pupil makes no summary  
e lectures heard.

Finally another principle: the pupil must pay. The price is low:  
280 to 350 francs for 5 months in a boarding school. There may be  
ships by which the fees are reduced to half, but the school is never  
free.

### § 3. SOME TYPICAL SCHOOLS.

The High Schools have prospered exclusively in the country districts  
any attempts to introduce them into the towns has, regularly, failed.  
pt in the Askov School, which receives a certain number of young  
ersons of the middle classes, all the pupils of the High Schools are  
or daughters of peasants.

Let us add that they are rather children of well to do peasants, small  
wers, the number of whom is very rapidly increasing in Denmark.  
itly, it is said, a tendency has been manifested to found schools among  
oorer peasants, the agricultural labourers who are not landowners,  
re advanced ideas. This would in no way constitute a danger for

the existing High Schools, as the adaptability of the Grundtvigian principle admits of its lending itself to very different interpretations.

The programme of the 80 High Schools at present existing everywhere includes the same subjects : history, geography, Danish language and literature, gymnastics, hygiene, social economy, elements of natural history, physics and chemistry. There are special lessons in grammar, arithmetic for pupils (rare enough) backward in this respect. But as is evident that this large number of subjects cannot be imparted, even in summary form, during a residence of a few months, the courses have a definite programme, but are discussions on these various matters. These discussions awake the curiosity of the pupil and his desire to continue at home, with the assistance of the excellent public libraries, and the lectures to which he will easily have the opportunity of listening, the study of that branch of intellectual activity which appeals to him most strongly. Also the choice of the discussions is extremely variable and the personal of the director has an important influence on the tendencies of the school. At Frederiksborg the instruction is above all historical and appeals to the sentiment ; at Roskilde, it is above all social and appeals to the reason. At Ryslinge it is more religious, at Askov, more scientific. In July Madame Cruppi found 200 young girls at Frederiksborg, for the most part farm or domestic servants. The young men come in the winter, when the field work leaves them more leisure. The pupils listen, in turn say a literary address or a romantic poem by Paludan Möller, then a historical lecture, say on the battle of Fredericia, followed by gymnastic exercises accompanied with singing. There is no discipline imposed, nothing bidden, no prohibition as to going here or there, the liberty is complete. The professors and their families take one or two of their meals with the pupils and live on the most familiar terms with the whole school. The doors of their studies are open at all hours to all who wish to speak to them. The pupils make use of this right with the greatest tact, their liberty never degenerates into license.

The Roskilde school was founded by a professor from Frederiksborg. When visiting the district he said to the peasants, " Do you want a High School ? Then, help me, for I have no money." The peasants responded to the appeal ; in a few months they had got together 30,000 crowns which they handed over to the Director without any guarantee, in fact for a simple receipt. Richer associates presented themselves, the school was opened with fifty pupils at the start. Madame Cruppi was present at a lecture on the system of Karl Marx, delivered before 200 young girls, and then at a conversation on the question of religious marriage.

Again, at Ryslinge, she heard a lecture on Michael Angelo and part Savonarola may have had in the moulding of his genius.

At Askov, the physiognomy of the school is different. It might almost be called a university course. This is because most of the persons have already been at a High School or some other establishment to come here to increase their knowledge. It is a school of the second degree. Some young persons are even prepared as professors of the first

5. The courses last two seasons, and there is talk of prolonging even further. In the establishment there are about 410 pupils, another peculiarity is that in winter young men and young girls receive at the same time.

The education in the natural sciences, geometry and mathematics, is highly advanced. The professor first instructs the pupil in the scientific discoveries, and then, proceeding to relate the lives of science and inventors, rendering his lessons as concrete and as vivid as possible, he makes the pupil gradually discover knowledge himself. He limits himself to the general outline, not seeking to teach men of science, but minds capable of understanding the sciences. Lov frequently receives the visits of young professors of the university who, before beginning their career, wish to initiate them in the Grundtvigian method of education. The professors of the schools also readily visit their colleagues of the secondary schools. Can we prove the connection between the remarkable intellectual development of the Danish peasant and the influence of the High Schools? To this question of Madame Cruppi's, she received the following reply: "This certainly cannot be proved by material evidence. Grundtvig only desired to act upon what cannot be weighed or valued in money: the increase in spiritual value. However, there is evidence to show that our pupils are superior to the peasants who have not passed through our schools. The Managers of the Technical Schools, to which a third part of our young men proceed after us, declare that they assimilate instruction much better than others. In the agricultural world, it is the Grundtvigians who found the operative societies which constitute our fortune, and you have seen what success they have had in municipal and political life."

# JAPAN.

## FARM LAND READJUSTMENT LAWS.

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### INTRODUCTION.

The chief characteristic of Japanese Agriculture is that it is extremely intensive. With this purely agricultural fact are associated two of more general economic interest the great subdivision of rural land property and the immense, continually increasing consumption of agricultural produce.

To give an idea of the exceptional subdivision of the cultivated land it will be enough to point out that about 70 % of the Japanese farmers possess land of an area of less than 1 cho (0.9917 ha.), while only 3 % possess land of an area of more than 3 chos (2.97 ha.). These figures are exceptionally low when compared with those for the European and American States. It is therefore natural that the Japanese farmer who has to derive sustenance for himself and his family — seldom consisting of five or six members — from so small a area, resort to intensive cultivation to increase as far as possible the product of the soil.

The following tables provide a few statistics relative to the distribution of rural landed property in Japan, not including Hokkaido.

(1) *Distribution of Farms, worked by the Owners, according to Area.*

Less than 1 tan (less than 0.99 ha.)	Between 1 tan and 1 cho (Between 0.99 and 4.95 ha.)	1-2 chos (Between 0.99 and 2.97 ha.)	3-5 chos (Between 2.97 and 4.95 ha.)	5-10 chos (Between 4.95 and 9.91 ha.)	10-50 chos (Between 9.91 and 49.58 ha.)	Above 50 chos (above 49.58 ha.)
14%	26.09%	18.75%	5.65%	2.50%	0.81%	0.06%

(B) *Distribution of Farms, worked by others than their Owners,  
according to Area.*

Less than 5 tans (less than 9.98 ha.)	Between 5 tans and 1 cho (Between 0.99 and 4.95 ha.)	1-2 chos (Between 0.99 and 1.98 ha.)	2-3 chos (Between 1.98 and 2.97 ha.)	3-5 chos (Between 2.97 and 4.95 ha.)	Above 5 chos (above 4.95 ha.)
26%	32.61%	19.62%	6.39%	2.98%	1.14%

(C) *Distribution of the Agricultural Landowners of Japan,  
according to the Area of their Land.*

Year	Less than 1 cho (less than 0.99 ha.)	1-5 chos (Between 0.99 and 4.95 ha.)	5-10 chos (Between 4.95 and 9.91 ha.)	10-50 chos (Between 9.91 and 49.58 ha.)	Above 50 chos (above 49.58 ha.)
9 . . .	73.48%	23.89%	1.97%	0.61%	0.04%
8 . . .	73.36%	23.89%	2.06%	0.65%	0.04%

The situation, revealed in the above figures is due to a variety of causes; among the principal, let us mention the special configuration of the island, which necessitates the farms being rather small, the excessive population and finally the large quantity of land in the private possession of the Crown.

In 1909 the latter amounted to 2,240,000 chos or 2,217,600 ha. The exception to the general rule is found in the province of Hokkaidō (and of Yezo), only recently opened to agricultural and industrial enterprise, which, owing to the special geographical and climatic conditions, assumes there to a marked degree the character of home colonization.

To form an idea of the continual increase in the consumption of agricultural produce, it will be enough to consider that of rice, which, as is

well known, is the chief article of agricultural produce consumed in Japan (1).

The following table provides some interesting information on the subject:

*Production and Consumption of Rice in the Ten Years 1899-1908*

Years	Production hl.	Consumption hl.	Population	Average Consumpt. per Inhabit. hl.
1899 . . . . .	85,487,349	85,096,740	44,205,873	1.93
1900 . . . . .	71,615,657	72,879,920	44,710,073	1.63
1901 . . . . .	74,805,425	76,276,687	45,227,464	1.68
1902 . . . . .	84,633,639	87,300,391	45,758,821	1.99
1903 . . . . .	66,625,808	75,970,854	46,388,000	0.63
1904 . . . . .	83,837,830	95,083,598	47,197,600	2.05
1905 . . . . .	92,780,830	102,247,143	47,819,300	2.13
1906 . . . . .	70,661,298	74,451,331	48,451,100	1.53
1907 . . . . .	83,529,764	89,230,962	49,042,000	1.81
1908 . . . . .	88,489,925	93,627,398	49,686,000	1.83

From the above data we see clearly that the production does not keep pace with the increase of consumption and of population. The immediate consequences of this state of things have been two; a large importation and a considerable rise in the price of rice. In fact, while the average importation of rice in the five years 1897-1901 was 2,103 kokus (3,795,546 hl.), this average for the next five years was nearly double as much, (4,124,422 kokus, equal to 7,440,457 hl.).

The rise in the price was a much more serious matter. In fact, while rice in 1888 cost on an average 4.93 yens per koku (7.05 frs. per hl.) it rose in succession to the following figures:

8.83 yens per koku (12.63 frs. per hl.)	in	1894
9.65 " " " (13.80 " " )	"	1896
11.68 " " " (17.13 " " )	"	1897
12.70 " " " (18.16 " " )	"	1902
14.42 " " " (20.62 " " )	"	1903
16.42 " " " (23.48 " " )	"	1907
16.00 " " " (22.85 " " )	"	1908

(1) The total cultivated area of Japan in 1911 was 5,253,363 chos (5,209,760 ha.), of which 2,850,206 chos (2,866,549 ha.) were ricefields. Ricefields represent therefore 55 % of Japanese agricultural land, and the produce from them, which, in 1910, was 46,695 kokus (84,127,260 hl.), represents, therefore 52 % of the total national agricultural produc-

What we have said explains why the Japanese Government felt it obliged to study every means for encouraging and increasing the agricultural production generally and that of rice in particular.

#### § 1. READJUSTMENT OF FARM LAND.

Among the various means for solving the problem, one of the most actual was undoubtedly the readjustment of the land.

The cultivated land in Japan is for the most part subdivided into small now and irregular lots, with an insufficient and often unreasonable tem of roads, and often imperfectly and not suitably irrigated and dined. With the object, therefore, of increasing the produce of the soil means of irrigation and drainage and appropriate changes in the kind cultivation, to diminish the areas left unproductive as boundary land between two contiguous farms, and, finally, to obviate all the inconveniences caused by the existence of numerous small lots belonging to the same prietor but scattered over a large area, the Japanese Government, following the example of other States, and more especially of Russia, began the work of readjustment, giving facilities to landowners or associations of landowners to borrow the capital required to meet the immense expenditure connection with this work, and instructing special commissions direct-dependent on the Department of Agriculture and Commerce to make preliminary studies.

A first law for the readjustment of farm lands, approved on March 22nd., 19, came into operation on January 1st., 1900 and was amended in August, 1909.

The chief benefits the Government expected from the application of these laws were :

1st. An increase in the average area of the farms, of from  $\frac{1}{2}$  tan (58 ares) to 2 tans (19.834 ares) in the case of ricefields, and of from 1 tan (9.916 ares) to 3 tans (29.751 ares) in that of other farms.

2nd. An increase of the area cultivated. This increase was to be attained, on the one hand, by means of the reclamation and exploitation of farms, on the other by means of the utilisation of the boundary as between adjacent farms. Through this latter change alone it was estimated there would be an increase of about 3 % in the productive area of the total amount of the farms readjusted. This proportion, which, in the total area to be restriped (about 1,500,000 hectares), represents an increase of about 45,000 ha., is perhaps less than what might logically be expected from the extreme subdivision of rural landed property. This however, chiefly because the present form of the lots, even of the small, is seldom as unreasonable as, for example, in Austria and in Russia (1).

(1) Cf. *Bulletin of Economic and Social Intelligence*, April, 1912, pp. 212-213.

3rd. An increase in the yield of the land. According to official calculations, this increase, when the work has been completed, will be about 15 %, that is the average yield per tan, which is now 1.51 koku of rice (27.4 hl. per ha.) will increase to 1.735 koku per tan (31.6 hl. per ha.).

This is of course the official estimate. But the results so far obtained were far beyond this, as in the first 50 farms readjusted, there was an increase of 0.573 koku of rice per tan (10.5 hls. per ha.), that is to say 38 %.

Before we pass to a more detailed examination of the laws on the readjustment of land, it will be well at once to state, both to explain the considerable increased yield and the large expenditure anticipated for the carrying out of the law, that it is not a question here of a mere restricting but of a real and true readjustment in the widest sense of the word, & that to the cost, by no means inconsiderable, of surveying, which is of course greater in proportion as the lots to be readjusted are smaller and more numerous, must be added the very important amounts for all the work involved in the improvement, such as canalisation, irrigation, drainage, etc.

In this connection it will be well to give here a few statistics.

The Department of Agriculture and Commerce (Agricultural Division), in September, 1907, began an enquiry into the situation of the farms in the Empire from the point of view of irrigation and reclamation. This inquiry was completed in June, 1909 and in September of the same year the above Department published accurate and detailed statistics on the subject.

The following table gives in a few figures the results of the enquiry into the state of irrigation of the ricefields.

Origin of the water utilised or to be utilised	Area irrigated artificially	Area irrigated naturally	Area imperfectly irrigated	Total	Percentage
					ha.
Natural Streams . . . .	425,547.28	1,083,477.84	264,306.78	1,773,331.92	65.32
Reservoirs . . . .	89,329.87	326,149.44	151,358.29	567,390.69	20.99
Wells . . . .	5,093.86	20,196.48	9,335.41	34,635.65	1.28
Pools or Marshes . . . .	6,730.86	13,948.70	5,412.40	26,091.96	0.95
Springs . . . .	36,721.19	76,182.10	33,540.56	146,453.79	5.39
Other Sources . . . .	39,932.56	69,690.15	57,197.19	166,810.87	6.35
Total . . . .	603,918.63	1,589,644.68	521,150.67	2,714,723.92	100.00
Percentage . . . .	22.25	58.55	19.20	100.00	—

With regard to reclamation and drainage, the same enquiry shows that the total area of the land to be reclaimed is about 360,000 ha. equal to about 13 % of the total area cultivated with rice in the whole Empire.

These data will suffice to explain the immense amounts assigned for the carrying out of the law on readjustment of farm lands, especially

we consider that this work of irrigation and drainage forms an integral part of the programme of the Japanese Government.

### § 2. THE LAW OF 1899.

As we have said, on March 22nd., 1899, the Japanese Parliament set the first law on the readjustment of farms. The object of this was to encourage and assist in the readjustment of farms and especially striping, reclamation, the making of dykes and of roads, entrusting carrying out of the work to associations of landlords formed for the pose. It, however, conceded the right to effect the readjustment also those individual landholders who offered sufficient guarantee of their er to meet their engagements. It further determined the cases in which individual proprietors might be compelled to associate in works of justment. With the object of facilitating and encouraging the under- ing, the law exempted the contracts for the work (art. 16) from regis- ion duty, made grants out of the Crown lands without compensation, is to facilitate the restriping and reserved to the competent authorities right to establish, in each individual case, the special privileges com- sating the proprietors for losses eventually suffered through the p-ation of the law itself.

This law did not impose penalties on landowners averse to the change, in art. 3, paragraph 2, it allowed that, when the readjustment of i belonging to a landowner not consenting to it become desirable in public interest, the readjustment of the whole or part of the estate uld be carried out all the same.

Land belonging to temples, railways, national monuments, ruins, etc. exempted from the application of the law. (art. 3.). Even Government ds and the possessions of the Crown might be included in the scheme readjustment, always with the consent of the competent authorities (art. 5). Dykes, roads, embankments, etc. belonging to the State, and dered incapable of use through the application of the law, were to be ly divided among the landholders concerned in the readjustment (art. 10). On the other hand, dykes, roads, embankments, etc., the con- cession of which would be consequent upon the taking effect of the were to become the property of the State, without the owners having right to compensation (art. 10, paragraph 2.).

With regard to the execution of the work of readjustment the law laid in that, as soon as the proposals presented to the Department of Agriculture and Commerce received Ministerial approval, the promoter (who it be a single landowner or an association of landowners, in case the was not applied on the initiative of the authorities) must, without y, call a general meeting of the landowners concerned.

The General Meeting was to consist of all the proprietors whose land to be readjusted within the limits of the draft scheme. This Meet-

ing was to be called within five days ; the writ was to mention the principal purposes of the meeting and the problems it was called upon to solve (arts. 33 and 34).

The meeting was charged to study all the essential problems and to decide as to the execution, the suspension or the amendment of the scheme altogether or in part, unless special orders and provisions had already been issued by the Department. In any case, however, the decision of the Meeting were always to be submitted to the approval of the Department itself. (arts. 39 and 40).

The General Meeting was then to appoint from among its own members an Executive Committee which, if consisting of more than three members, was in its turn to elect a president to represent it (art. 42).

It was the Executive Committee that really had to apply the law had to occupy itself with all the details of the carrying out of the scheme and was held directly responsible to the Department for the good conduct of the work and the administration (art. 44). The Department of Agriculture and Commerce, was to exert, by means of the district authorities, a immediate and uninterrupted control over the administration of the executive committees. The law went on to fix all the details relative to the duties of these committees, settling their responsibility and placing at their immediate disposal the economic means for the carrying out of their proposals.

This law, here briefly summarised, came into force, as we have said, on January 1st., 1900, and had been applied up to the end of 1908, to 2,602 farms of an area of 141,049.572 chos (139,923.48 has.). Although the results obtained by it were generally good (we have already seen the increase in the yield of the first 50 farms to which it was applied), yet several defects appeared in the course of its operation, both technical defects and defects of administrative order.

### § 3. THE LAW OF 1909.

To obviate the defects of the preceding law, on April 13th., 1909 a second law on readjustment of farm lands was passed in the Japanese Parliament, being only an amendment of the former, which remains unchanged in its fundamental principles.

The law of 1899 was principally concerned with the utilisation of boundary lands and the necessary preparation for irrigation, drainage, and the making of roads, dykes and embankments. The new law, while allowing the provisions of the former one on these subjects to stand, also contemplates reclamation of uncultivated land and the adoption of the kind of farming most suitable to increase the yield from the land and best adapted to the character of the soil.

The first law had entrusted the carrying out of the work to executive committees or even to such individual landowners as had obtained

thorization. The new law, on the other hand, assigns the task principally to syndicates formed among the landowners concerned, recognized by it as incorporated bodies.

In order, however, that the promulgation of this new law should not constitute no obstacle to the continuation of the work undertaken under the régime of the previous one, and in order to facilitate for the proprietors the passage from one system to another, art. 96 of the new law permits those who, previously to the promulgation of the present law, had been authorized to promote or carry out the readjustment of farm land within definite districts to benefit by this authorization, provided they conform to the prescriptions of the amended law as regards concessions made to individual promoters and to syndicates.

They may, however, form syndicates in accordance with the present law and the contracts and proposals concluded and approved according to the principles of the old law may be considered valid in accordance with the new one, provided always that they are not in opposition to its provisions or its spirit.

The objects of the new law, set forth in art. I., may be grouped as follows:

(1) to provide for the necessary interchange of land, the restriping of lots, reclamation of land, the most desirable changes in the manner of cultivation or character of the various farms, supervising the execution of all the work in connection with the irrigation or drainage necessary to these ends, and for the construction of roads, canals, embankments, dams, reservoirs, etc.

(2) to organize the performance of the engineering work required to attain the aforesaid objects, and to provide for their preparation, administration and maintenance.

(3) to see that, in due time, the State or the authorities of the district, whether borough or municipality, or the public societies that have obtained concessions for the purpose, provide, according to the circumstances, for the necessary repairs to be made in the constructions entrusted to them.

With regard to the principal administrative methods in connection with the application of the law, it will be enough to say that, in order to initiate the work of readjustment, it is first of all necessary to ask for authorization from the district authorities, presenting to them the deed of agreement passed between the parties interested in the scheme and that in case it is a matter of the formation of an association of several proprietors for a common purpose, the copies of the contracts for the formation of this association must be submitted.

In case it is not possible to present the deed of agreement between the interested parties, the reason for this must be explicitly shown.

If, after the presentation of the scheme of readjustment and the agreements in connection with it, it is agreed to modify the limits of the district or the execution of works within which authorization has been requested, if it is intended to associate other landowners or trustees with those

who presented the proposal, with the object of forming a syndicate in conformity with the present law; or if it is desired to suspend the execution of the scheme, even temporarily, it is necessary, in each single case, to obtain the formal authorization of the district authority.

In case, for the carrying out of the necessary works, a loan has been contracted, it is necessary, in order to make the above alterations, also to show the consent of the creditor or creditors. In case this consent cannot be shown, the work may be suspended, according to circumstances and according to the legal forms, except as regards the part of the land to be readjusted, or even advisable alterations may be introduced in the contract relative to the interest on the loan.

Third parties intending to make formal opposition to the eventual alteration of the scheme, of the agreements, or of the limits of the districts to be readjusted, must make their opposition before the district authorities have communicated their decision.

In order to obtain the authorization to form a syndicate for readjustment of farm lands, it is necessary to obtain the consent of at least half the landowners within the district in which the syndicate intends to work, always on the condition that this number of landowners corresponds in all with not less than  $\frac{2}{3}$  rds of the area (or value) of the land to be readjusted.

Even in the amended law it is laid down that, all the roads, canals, dams, reservoirs, etc., belonging to the State, as well as those parts of farms that, through the restriping become incapable of use, will be transferred without compensation and assigned to the owners of the land to be readjusted.

The expropriation of land necessary for the construction of works of public utility shall be carried out in a manner similar to that indicated in the law of 1899.

Further, the farms, to which the law is applied shall be exempted from payment of the land tax. In order then to facilitate, both for the syndicates and the individual landowners the realisation of the reform, the Government has induced certain credit institutes to provide the amount required under the most favourable conditions and at a low rate of interest. In fact both the *Nippon Kangyo Ginko* (Japanese Mortgage Bank) and the *Noko Ginko* (Agricultural and Industrial Bank), as well as the *Hokkaido Takusoku Ginko* (Hokkaido Colonisation Bank) have been authorized to make loans, not on mortgage, repayable in annual instalments at fixed date, to syndicates or owners of cultivated land under the jurisdiction of the law on readjustment of farm land.

In the case of the *Noko Ginko* and the *Hokkaido Takusoku Ginko* it has been laid down that the annuities are not to exceed thirty in number and the period of the loan may not exceed 5 years; the other Bank has power to extend the period of its loans to 50 years.

## § 4. RESULTS ATTAINED BY THE APPLICATION OF THE TWO LAWS.

As we have said, the area to be readjusted is now estimated altogether 539,309 chos (1,526,532.74 ha.) or 25.66 % of the cultivated land in the Empire.

In the period from 1900 to 1909, that is, under the régime of the first proposals for readjustment were made and approved in the case 602 farms of a total area of 141,094.5721 chos (139,923.48 has.). The principal data in connection with the application of the 1899 law are given in the following table :

*Statistics in relation to the Application of the 1899 Law.*

Army Divisions (of the Empire)	Number of Farms	Total Area	Ricefields	Other Farms	Total Area Cultivated	Estimated Cost of Improvement (Yen)
nshu . . . .	1,971	123,228.57	83,641.19	21,218.52	104,859.71	13,844,824,205
hoku . . . .	54	1,883.34	1,183.40	390.90	1,574.30	513,578,647
nshu . . . .	577	14,811.57	8,110.70	3,792.38	11,903.08	4,958,858,730
Total . . . .	2,602	139,923.48	92,935.29	25,401.80	118,337.09	19,317,261,582

More important are the results of the application of the 1909 law, which appears from the following table :

*Situation on June 30th., 1910.*

Army Divisions (of the Empire)	Number of Farms	Total Area	Ricefields	Other Farms	Total Area Cultivated	Estimated Cost (Yen)
nshu . . . .	355	34,617.96	24,591.21	5,084.28	29,675.49	4,119,914,971
hoku . . . .	14	434.70	375.22	15.13	390.35	116,909,937
nshu . . . .	121	4,759.02	3,536.64	705.86	4,245.50	967,836,052
Total . . . .	490	39,811.68	28,503.07	5,805.27	34,311.34	5,204,660,960

A comparison of the figures in the preceding tables clearly shows that the new law has been far more rapidly applied than the other. In fact,

while in the latter case the average number of farms to which the law was applied did not exceed 289, this figure was almost doubled (490 farms in less than a year) in the case of the 1909 law. The estimated cost of carrying out the works is on an average a little less since, while in the case of the 1899 law the average was about 130 yen per cho (357.50 frs. per ha.), in that of the 1909 law it was hardly 130 yen per cho (338 frs. per ha.).

But the most important results of the application of the new law are seen in the following table.

*Table showing the Changes in the Cultivation of the Farms and in the Area assigned for different Purposes as estimated for the Application of the Law of April 13th., 1909.*

(Situation on June 30th., 1910).

Number of Farms . . . . .	490	
Total Area . . . . .	ha (39,814.684)	
Area Cultivated . . . . .	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="flex-grow: 1;"> <div style="display: flex; align-items: center;"> <span style="font-size: 2em; margin-right: 0.2em;">{</span> <span style="margin-right: 0.2em;">Before the Application of the Law . . . . .</span> <span style="margin-right: 0.2em;">with Rice . . . . .</span> <span style="font-size: 1.5em;">» (28,503.074)</span> </div> <div style="display: flex; align-items: center;"> <span style="margin-right: 0.2em;">with Other Crops . . . . .</span> <span style="font-size: 1.5em;">» (5,805.77)</span> </div> </div> </div>	
Difference in Area Cultivated . . . . .	<div style="display: flex; align-items: center;"> <div style="flex-grow: 1;"> <div style="display: flex; align-items: center;"> <span style="font-size: 2em; margin-right: 0.2em;">{</span> <span style="margin-right: 0.2em;">Estimated as a consequence of the Application of the Law . . . . .</span> <span style="margin-right: 0.2em;">with Rice . . . . .</span> <span style="font-size: 1.5em;">» (35,136.119)</span> </div> <div style="display: flex; align-items: center;"> <span style="margin-right: 0.2em;">with Other Crops . . . . .</span> <span style="font-size: 1.5em;">» (3,499.874)</span> </div> </div> </div>	<div style="display: flex; align-items: center;"> <span style="font-size: 2em; margin-right: 0.2em;">{</span> <span style="margin-right: 0.2em;">with Rice . . . . .</span> <span style="font-size: 1.5em;">+ ha 6,633.043</span> </div>
Area Assigned for Roads, canals, etc. . . . .	<div style="display: flex; align-items: center;"> <div style="flex-grow: 1;"> <div style="display: flex; align-items: center;"> <span style="font-size: 2em; margin-right: 0.2em;">{</span> <span style="margin-right: 0.2em;">before the Application of the Law . . . . .</span> <span style="font-size: 1.5em;">ha 2,356.349</span> </div> <div style="display: flex; align-items: center;"> <span style="margin-right: 0.2em;">after . . . . .</span> <span style="margin-right: 0.2em;">» . . . . .</span> <span style="margin-right: 0.2em;">» . . . . .</span> <span style="font-size: 1.5em;">» 3,350.97</span> </div> </div> </div>	
Total Increase of Area Cultivated . . . . .	<span style="font-size: 1.5em;">» 4,317.77</span> <span style="font-size: 1.5em;">at 10.8 %</span>	
Estimated Cost . . . . .	<span style="font-size: 1.5em;">yens 5,204,660.8</span>	
Average Cost per hectare . . . . .	<span style="font-size: 1.5em;">yens 131 (338 frs.)</span>	

The new law, as we see, especially aims at the transformation of the kind of cultivation in order to increase the yield of the farms. According to the estimates in the schemes in relation to the 490 farms on which the law had been applied up to June 30th., 1910, when the readjustment is complete, the farms cultivated with rice will have increased by 6,888 chos (6,633 ha.), while the others will have decreased by 23 chos (2,313 ha.), which is equivalent to an increase of 16.5 % and a decrease of 5 % respectively in the total area of the 490 farms readjusted.

Hence, from what we have shown above, it appears that, the immediate effect of the readjustment of the farms will be the increase of the productive area by 10.8 % of the readjusted area. It being borne in mind that, of this percentage, about the third part is due to the utilisation of boundary land between adjacent farms, we may say that 7 % of the area of the land fit for cultivation is obtained from the reclamation of uncultivated land. And although it may be possible that this percentage will not apply in the case of all farms readjusted, as they will vary much in character to be subjected to a simple law of proportion, we may conclude without being too far from the truth, that the total area of area fit for cultivation will be about 8 % of the land readjusted which would be about 100,000 hectares. The result is still more considerable when we think that from the area gained we must subtract a large amount for new roads and canals and other works of public utility. With regard to the average estimated cost per hectare, it is about 338 frs., and does not differ much from the general costs we shall examine hereafter.

In order that the transformation of uncultivated land and marshes to some extent, mountains and forests, into farms or ricefields may be possible and permanent, it has been necessary to make new roads, new works for irrigation or drainage, new reservoirs, etc. From the figures deduced above we see that the area for these purposes, formerly 2,376 (2,356 ha.), will be increased, through the application of the law, to 490 farms, for which the scheme of readjustment has been approved, 378 chos (3,350 ha.). The area for works of public utility will thus be increased by 1,002 chos (9.54 ha.) or about 2.5 %.

The total number of syndicates for farm readjustment formed in consequence of the new law (or transformed in accordance with article 96 of the June law) was 448 on June 30th., 1910: their field of action extended over an area of 39,618 chos (39,289 ha.).

Of these 448 syndicates, 281 were of recent formation and 167 had been transformed as above. The area of the land was respectively 77 chos and 20,742 chos (18,688 ha. and 20,267 ha. respectively).

To these syndicates must be added 41 landholder's unions (with an area of 525 hectares) not constituted as syndicates, which makes altogether 490 associations, including in their field of action 40,149 chos (39,815 ha.).

### § 5. GENERAL RESULTS.

Having thus considered separately the results obtained by the application of the two laws, we shall give a special glance at the total results for the period January 1st., 1900-June 30th., 1910. In the following table these results are summarised:

Large Divisions of the Empire	Number of Farms	Total Area (ha.)	Area of Rice fields (ha.)	Area of other Farms (ha.)	Estimated Total Expenditure (yens).	Area (ha.)
Honshu . . . . .	2,324	166,105.29	113,943.99	24,500.75	16,628,693.74	
Kyushu . . . . .	814	26,750.22	15,187.94	7,920.31	8,548,672.95	
Shikoku . . . . .	72	2,406.17	1,803.92	326.32	708,017.19	
Total . . . . .	3,211	195,261.68	130,935.85	32,747.38	28,885,383.888	

From the figures given in this table we see that, in the ten years 1910-3,211 farms had been readjusted of a total area of 195,261.68 ha. (195,360.8462 has.), or 12.8% of the total area to be readjusted, estimated expenditure for the readjustment up to the present varies with the nature and conditions of the farms and the kind of to be carried out: it varies from a maximum of 45,777 yen (1 tan) (2) in the district of Nagasaki to a minimum of 1,171 yen tan in that of Niyagi; which is equivalent to about 1,190 frs. per ha in the first case and 160 frs. per ha. in the second. Altogether the estimated cost of readjusting the 3,211 farms for which the scheme of justment has been drafted amounts to 28,885,383.888 yen (74,014,000) or an average of 14,662 yen per tan (about 379 frs. per ha).

The following table shows the number and area of the farms for which the proposals of readjustment have been approved, for each year 1900 to 1910.

Year	Number of Farms	Area — (has.)	Year	Number of Farms	Area — (ha.)
1900 . . . . .	17	694.9156	1906 . . . . .	541	34,053.3
1901 . . . . .	71	3,269.0425	1907 . . . . .	406	29,431.9
1902 . . . . .	88	5,151.5748	1908 . . . . .	452	26,886.9
1903 . . . . .	162	6,273.1772	1909 . . . . .	795	54,135.6
1904 . . . . .	175	8,164.6285	1910 . . . . .	297	16,407.8
1905 . . . . .	217	10,889.8977	Total . . . . .	3,211	195,360.84

It is seen from these figures that the law has been more and more extensively applied. Let us now see the number and area of the readjustment of which was really begun, in the period 1900-1910.

(1) 1 yen = 258 frs.

(2) 1 tan = 0.09917 ha.

*Number and Area of Farms the Readjustment  
of which was begun in the Period 1900-1911.  
(Situation on June 30th., 1910).*

Year	Number of Farms	Area — (ha.)	Year	Number of Farms	Area — (ha.)
0 . . . . .	2	67.7579	1906 . . . . .	384	24,434.5531
1 . . . . .	45	1,164.0335	1907 . . . . .	360	23,843.1778
2 . . . . .	77	5,188.7745	1908 . . . . .	304	21,101.8822
3 . . . . .	135	4,521.7779	1909 . . . . .	487	25,333.4835
4 . . . . .	117	4,753.3676	1910 . . . . .	397	25,013.9693
5 . . . . .	161	7,194.3490	Total . . .	2,419	143,068.1667

From the preceding table it appears therefore that the work had been done on 2,419 farms, of an area of 144,265 chos (143,068.1667 ha.) by 30th of June, 1910. Official Statistics are wanting, however, in use of other 785 farms on which the work had also been begun. These farms represent an area of 52,544 chos (52,123 hectares). To make a total of 3,221 farms for which the proposals were approved, we still to take account of other 7 farms, for two of which (area 84 i.e. 83.328 ha.) both the work of readjustment and that of improvement contemplated in the law of 1899 had been suspended; in accordance with the new law the work of restriping was resumed on these two farms. After five farms (area of 101 chos or 100 ha.) the authorization for sort of changes was completely withdrawn.

At the same date the work of improvement had been completed on farms of an area of 20,784 chos. (20,617 ha.), equivalent to 10.4 % of area for which the readjustment plans had been approved, and of the total area to be readjusted. These percentages are not in very large, especially when we consider that the work was begun in 1900. Yet, as the Japanese Agricultural Society states in its publication with respect to the application of the laws on readjustment of farms, results were far superior to the most favourable anticipations, especially when account is taken of the serious technical and economic difficulties that had to be overcome.

Admitting once more the possibility of a law of proportion applicable to this class of undertaking, we may calculate that the total Japan will have to spend in order to complete the readjustment of farms in the whole Empire will be about 200 million yen or 516 million francs.

## RUSSIA.

### HOME COLONISATION IN FINLAND.

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## § I. INTRODUCTION.

In Finland, as compared with other countries, agriculture is a very late introduction.

At the end of the Middle Ages the land north of the 62nd. degree of latitude was entirely uncultivated except along the shore of the Gulf of Bothnia. But, after the 16th. century, the Kings of Sweden, who then governed Finland, laboured energetically for the colonisation of these lands. As the land at that time had no value, the colonists who desired to establish themselves there might take as much of it as they deemed necessary. And to be able to hunt, fish and clear the land at ease, with the help of fires, they generally built their houses at the distance of several leagues from those of their neighbours.

This system has continued to our day, although unoccupied land has been declared the property of the State. The consequence is that many of the landed estates are for the most part of very large areas.

Capitalist industry and economy, gradually developing towards the end of the 19th. century, have again contributed to the further extension of these landed estates.

Thus capitalists have bought up peasants' farms and, by their union, formed immense landed estates in the Southern Provinces, where only the nobility possessed large ones. Later, sawmill societies bought up part of the peasants' farms cheap in the Centre, the East and North.

The population also has rapidly increased, above all during the last thirty years. The number of the inhabitants, which was 3,782 in 1880, in fact, increased in turn to 2,380,140 in 1890, 2,712,562 in 1900 and 3,059,324 in 1909. Improved means of communication have raised the price of forest produce as well as that of the soil to an unexpected extent, so that the portion of the population still without land finds it very difficult to acquire it.

All these circumstances have contributed to give rise to an agrarian question of a very serious character.

It has, however, been attempted in various ways to improve the economic and social position of the people who have no land.

The work of home colonisation, now being carried out in Finland, assumed considerable proportions, relatively to the population and area of the country. In addition, the co-operative movement which has been developing on a large scale in Finland since 1900 has very apparently contributed to the improvement of the condition of the poorer classes.

In the following pages we shall examine the home colonisation carried out by the State.

We shall first consider the colonisation immediately directed by the State and then review that encouraged by the State, and finally give an

outline of the Government supervision and inspection of the work colonisation, as well as the technical instruction of the colonists.

As there is no law for the regulation of home colonisation in the country but only a few special decrees in relation to certain methods of colonisation, we shall examine these legislative provisions, when dealing with the different forms of colonisation.

#### § 2. HOME COLONISATION UNDER THE IMMEDIATE DIRECTION OF STATE.

Home Colonisation under State direction assumes three principal forms: the colonisation of State forests; purchase of landed estates or donation fiefs, now terminated, and purchase of landed estates of colonisation; the latter mode of colonisation is now the most important.

##### (a) *Colonisation of State Forests.*

The colonisation of State forests is the oldest form of colonisation in Finland. It is the immediate development of the steps taken by Kings of Sweden to colonise the immense uninhabited forests of the centre and North of the country. In our days, however, it has its own special place in the work of colonisation. Being conducted and supervised by the Superior Management of Forests, it is not subject to the inspection of the ordinary authorities at the head of the work, of whom we shall speak at the end of this article.

An order of 1892 now regulates the colonisation of State forests, which, in Finland, according to the 1909 Report of the Superior Management of Forests, cover the very large area of 12,787,229 hectares.

It is laid down by law that gradually, as the cadastral work is carried out, special commissions formed for the purpose must examine portions of the land belonging to the Government may be conceded for colonisation.

The land in this way separated from the State domains is parcelled out and granted by the administrative authorities to persons recognised as solvent, at a low annual rent. For the first fifteen or twenty years the State generally renounces its claim to this rent. The colonists besides the right to acquire the complete possession of the farms, cannot, however, so acquire it during the period of exemption from payment of rent and before the farm is cultivated and inhabited.

From 1897 up to January 1st., 1910, (previous to this our information is extremely fragmentary), 22,861 hectares were detached from the State forests and delivered for colonisation.

Since the work of subdivision is not yet terminated, we can give no particulars as to the number of settlements that will be established on this land. We only know that their average area is very large, between

, and 900 hectares in the North and between 100 and 400 in the South. In the opinion of the forestry administration such areas are excessive, they give rise to undesirable speculation which hinders the improvement of the condition of the poor.

In addition to these large settlements, the State is already proceeding the lease of "State forest base-tenancies," and of small lots of from 1 to two hectares. On the first of January, 1910 there were 4,169 these tenancies, and on the 1st. January, 1912 about 200 small lots leased. We have no information as to the area of these and it would be us too long to examine in detail the various conditions included in contract of lease.

(b) *Purchase of Fiefs Called "Donations."*

The measures taken by the State with regard to the fiefs styled "donations," in the East of the country (Government of Viborg and St. Michael), on account of the special reasons we shall give below, occupy an exceptional position in the work of colonisation.

In these districts which, between 1721 and 1811, up to their incorporation with the rest of Finland, formed a Russian Government, several districts were granted as fiefs to noble Russian families, the logical sequence of which was that the dispossessed peasants became the tenants of the Russian landowners. The Government had to deal with an abnormal situation. Proposals were submitted to the Diet in 1863 and 1867 for the reacquisition of these fiefs by the State. The Diet approved these proposals in principle, and the Government was authorized to proceed to purchase them with the reserve funds of the State, by means of a loan of 12 million marcs to be repaid in instalments. (Finland marc = 1 franc), on the security of the Diet. The peasants were authorized to purchase, with full proprietors' rights, the farms they cultivated, repaying the Public Treasury in instalments; the total yearly instalment being fixed at 6 %. However, the amount paid for purchase was greatly reduced, as the State detached from the large estates incorporated in these fiefs certain portions to form State forests. Up to 1893, when the matter may be considered to have been brought to an end — as all the large estates had then been reacquired —, the State paid 17,293,469 marcs for the purchase of 65 fiefs covering an area of 1,006,235 hectares and inhabited by 76,733 persons. It had also bought small farms, as we have said, but we have no information as to their number and area, which, however, were not great. The colonisation of the fiefs was carried out under the direction of the Administrative Authorities.

(c) *State Purchase of Land.*

With the exception of one large estate bought in 1888 in order to transform it into State forest, but from which 3,184 hectares were detached for purposes of colonisation, and a few experiments made in 1892-1895 by the Government of Wasa, the State only began its purchases of land in 1900.

To-day the movement has assumed large proportions and makes large financial demands on the State.

This increase in the purchases is due to the many applications for concessions made to the Government by the peasants who have no land.

Almost all these applications come from base tenants and other subordinates, and from tenant farmers on land belonging to owners of sawmills, and even from factory hands in the towns. They are principally for the purpose of forming farms. So land has been bought in the various districts of the country which appeared favourable for the formation of such farms.

The State has refused all applications from town labourers or factory hands, when their object was simply to form a home—a course also followed by the loan banks of the rural communes of which we shall speak hereafter.

This severe measure was, besides, indispensable, in view of the limited resources the State has available for these purchases and considering that the desire of the workmen to obtain a home for themselves is remote from the object hitherto pursued in the colonisation of Finland, namely the formation of small farms.

In order to establish a plan for the subdivision of the land bought, as to determine the class of persons to whom the farms should be granted, as well as to settle the system of colonisation, a commission was appointed consisting of three members, for each estate purchased.

The Imperial Senate of Finland was then advised of these proposals with a view to their confirmation. It was for the administrative authorities to administer the land before its subdivision and sale to the colonists.

In the cession of land to peasants who had none, two different forms may be observed :

(a) The old form of absolute right of possession is met with in case of small farms granted with such absolute right to persons without land against an acknowledgment of debt, in which the conditions of sale were particularised. These conditions varied somewhat with the localities colonised. It has, however, been decided, as a general rule, that the purchaser, in order to obtain possession, need only pay 4% interest for some years, after which the loan will be extinguished by an annual payment of 2%.

(b) The new form or the form of lease, adopted in 1909, by which small farms have been given as tenancies for 38 years to peasants who possessed none.

After the expiration of this period the farmers receive by contract "the sure and hereditary right of possession" of the land. This form of possession has been employed in order to avoid speculation to the detriment of the farms.

On January 1st., 1911, there were 13 landed estates delivered in conformity with the old form of absolute right of possession. Their total area was 26,499 hectares and the purchase price 2,256,911 marcs, or an average of 85 marcs per hectare. From this area 4,783 hectares had

in detached and left as common forest, a very opportune measure which has greatly facilitated the regular exploitation of the forests on the clement lands. In general, the principle has been followed of including in the grant to each colonist a small piece of forest land to be exploited as pleases, whilst, on the contrary, woods of larger extent, isolated and situated on land little suited for cultivation, have been kept in the control of State forests. With the land acquired 740 small farms have been formed of an average area of 29.1 hectares, exclusive of the common forest. The total area of the land transferred up to December 1st., 1912, under the form of lease is 35,099 hectares. These farms were sold for 72,468 marcs, which gives an average of 100 marcs per hectare. 385 hectares have been converted into common forest, and the rest (1) divided into 1,042 small farms of an average area of 24 hectares.

We are sorry we have no recent information as to the occupations of the owners of the small State farms. We can only reproduce the following figures for 1909 from the Report of M. Elfving, the Chief Inspector of Home Colonization in Finland.

According to this report,

- 63 % of the small proprietors were farmers ;
- 6 % were engaged, in addition, in secondary occupations ;
- 8 % exercised various handicrafts ;
- 18 % lived from day to day, doing odd jobs ;
- 3 % were employed on wages ;
- 2 % were engaged in trade.

### | 3. HOME COLONISATION ENCOURAGED AND SUPERVISED BY THE STATE.

In addition to the purchases of land it has made for colonisation purposes, the State has also recently largely furthered home colonisation by granting loans through various intermediaries to persons without land and desirous of possessing land. The origin of this form of colonisation, now the most important, dates from 1880 when the State began to take loans in the Government of Kuopio to people who wished to establish base tenancies on land belonging to private individuals.

However, this system was abandoned a few years later.

In 1897, on the occasion of the coronation of H. M. Nicholas II, the State made another attempt to improve the position of persons without land. In fact, it withdrew an amount of 400,000 marcs from the public funds, transferring it to a special fund bearing the name of "Fund for the Improvement of the Position of Persons without Land," A Decree

(1) In this connection, let us say, we possess no information with regard to one estate area of 678 hectares.

of the Imperial Senate of Finland, of December 5th., 1898, settled the conditions of the loan. This decree is of great importance as instituting the direct intervention of rural communes in the work of colonisation.

This system, which, besides, is not in use in the other Scandinavian countries, has given a quite special character to the work of colonisation in Finland in the last ten years and plays an important part in the colonising work of the State.

Besides the rural communes, societies of agriculture and legal formed societies the object of which is in conformity with that of the above fund, may act as intermediaries in the work of colonisation and receive loans out of the fund.

However, before loans were made out of the fund, it was unit to the "Fund for the Facilitation of the Division and Restriping of Land" formed for the purpose of buying land in the Government of Vasa, 1893-1895, as we have said above.

These two funds, thus united, received the name of "Loan Fund for Persons without Land." At the end of 1899 the assets of this fund were 525,521 marcs, of which 28,500 marcs had been lent to the communes the same year for the first time.

Let us say, however, that all these measures constituted merely a preliminary experiment, the reason for which was the absence of statistics capable of giving an exact idea of the real state of things. It is in 1897, the Diet expressed the desire of making home colonisation the object of serious study.

And since that date the question has taken a new form. By virtue of an Imperial rescript of June 16th., 1899, an amount of 2 million roubles was taken from the public funds and transferred to the "Loan Fund for Persons without Land."

At the same date a commission was appointed to study the problem of colonisation and draft a bill for the regulation of the employment of the capital belonging to this fund.

However, the Government did not accept the proposals of this commission and a new Commission was appointed with more members called "Commission for Persons without Land." It entrusted the study of the question to a "Sub-commission for Persons without Land," which amongst other important work, drafted a proposal for regulation of the loan fund for peasants without land, later on approved by the Government and published as a Decree of the Imperial Senate of Finland, among the Ordinances of the Grand Duchy, on April 7th., 1902.

These regulations are still in force and are the most important legislative provisions on home colonisation in Finland.

After this short historical summary, we shall examine the provisions in the regulations and reproduce some statistical data relating to the loan fund for peasants without land.

We propose afterwards to inform the reader as to the colonising work accomplished by the Loan Banks of the rural communes, deriving their resources from the above fund, as well as to the purchase of land

nsation by rural communes and co-operative societies, almost exclusively with the help of loans from the same source.

(a) *Loan Fund for Persons without Land.*

With regard to the persons admitted to receive loans out of the above 1, the regulations of April 7th, 1902 lay it down that the fund shall e for the improvement of the social and economic condition of such inhabitants of the country whose reputation is good, who are enterprisers who cannot obtain a farm or a dwelling house for themselves, with own money, and, in addition, belong to one of the following groups :

- (a) farmers on the land of other proprietors, working as labourers example, base tenants, "backstugusittare," i. e. cottagers) etc., cultivating a very small patch of their own;
- (b) agricultural labourers;
- (c) artisans or .
- (d) other peasants who have no land and maintain themselves by jobs.

Like the previous Decree of 1898, the 1902 regulations lay it down t the loans must be granted through the medium of the rural communes and agricultural societies, as well as of societies legally constituted purposes in conformity with that of the fund. The regulations fur- extended this rule to include co-operative societies, which began to elop in Finland in 1900.

The intermediate bodies are obliged, with the funds received as is, to found banks which shall use their capital :

- (1) for purchase of landed estates which, after subdivision shall sold at cost price to persons without land ;
- (2) if the intermediary is a commune, for purchase of landed es- in order to provide farms or pastures to be leased to the poor ;
- (3) for direct loans for the following purposes ;
  - (a) purchase of land and building of dwellings for the proprietors mses ;
  - (b) purchase of small farms ;
  - (c) cultivation of marshes, peatmoss bogs and other land belong- to the Crown or to a commune, the usufruct of which is conceded for years at least

Among the above mentioned intermediaries, only the rural communes co-operative societies have occupied themselves with colonisation. The progress in their case has been actually such, that the rural communes have organized banks to grant the direct loans mentioned above 3). It is only as a secondary matter that they have bought and divided ded estates, while the co-operative societies have devoted themselves this work.

The loan fund for peasants without land is administered by the Treas- y of Finland.

The Imperial Senate of Finland deals with questions relating to loans.

Thanks to the subventions granted by the Treasury and later contributions made to the capital, the fund has increased up to 12,500 marcs, (December 1st., 1912).

The largest subvention from the Treasury was granted in 1912. It amounted to 5,358,228 marcs.

According to information supplied by the Chief Inspector of Colonisation in Finland, M. Elfving, by the 1st of December, 1912 the following loans had been made:

to the loan banks of the rural communes . . . . .	8,414,700 Marcs.
to rural communes for the purchase of land . . . . .	1,087,000 "
to co-operative societies for purchase of land . . . . .	698,535 "
to other intermediaries (1) . . . . .	9,000 "
Total . . . . .	10,209,235 Marcs.

The amount of the loans varies from 5,000 to 240,000 mks. The rate of interest charged by the State on loans out of the Loan Fund to Peasants without land, since 1908, has been fixed as follows:

For the Loan Banks of the Rural Communes,  
 $3 \frac{3}{4}$  - 4 %, ( $3 \frac{3}{4}$  % being for sinking fund);  
 For land purchase by the Rural Communes,  
 6 %, (2 % for sinking fund);  
 For Co-operative Land Purchase Societies,  
 6 %, (2 % for Sinking Fund).

(b) *Colonisation with the help of Loans from the Loan Bank of the Rural Communes.*

The loan banks of the rural communes are, as we see, the chief intermediaries. The liability of the communes is their guarantee.

The regulations of new banks must be confirmed by the Department of the Senate for State Land and Accounts.

The banks are managed by a Council elected by the Municipality consisting of at least three members. At least two of these must not be landholders.

We have already said that the rate of interest the banks have to pay on the loans is fixed at from  $3 \frac{3}{4}$  to 4 % ( $3 \frac{3}{4}$  % for sinking fund). In their turn they ask their debtors  $4 \frac{1}{2}$  % together with sinking fund a certain rate settled by the management of the bank.

Thus, the bank retains from  $1 \frac{1}{4}$  to  $1 \frac{1}{2}$  % of the interest, which may be employed on working expenses or considered as a profit to the commune which it may utilise for the banks.

The communes, on the other hand, may not grant loans for a period of more than 25 or 30 years.

(1) Some private individuals who received loans in 1896 for purposes of colonisation from the "Fund for Facilitation of Subdivision of Land and Restriping".

The banks may not make loans of less than 200 marcs or more than 500 in the provinces of Nylande, Abo and Björneborg and Tavastehus above 2,000 marcs in the other provinces.

The borrower must pass a mortgage or give a deposit as security.

In 1899 the first bank of the kind was founded. In 1905, there were and on September 15th, 1912, 303, a large number compared with of the Finland communes, namely 488. It must, however, be noted that there are two different kinds of loan banks.

(1) *The older banks, the regulations of which were confirmed by the Government before 1902.*

There are 40 of these banks and their rules differ considerably. A rule common to all is that they may lend on the security of rented land belonging to private people.

(2) *The new banks, founded in accordance with the Senatorial Decree of April 7th, 1902, the rules of which have been confirmed by the Department of the Senate for State Land and Accounts.*

The data we give below show the development of the business of the banks:

January 1st.	Number of Loans	Amount of Loans Marcos
1906 . . . . .	2,468	1,240,102
1907 . . . . .	2,873	1,506,522
1908 . . . . .	4,430	2,771,405
1909 . . . . .	5,043	3,286,181
1910 . . . . .	5,613	4,042,017
1911 . . . . .	7,537	6,529,796

We can only give the data for the amount of loans up to January 1911.

The amount of outstanding loans at that date was 3,943,586 marcos. The amount granted to the banks of the Loan Fund for Peasants and Land was at the same time 6,844,760 marcos.

It will be interesting to see the objects for which the loans were used. The following is a summary of our information on this point. The data refer to January 1st., 1911.

Destination of the Loans	Number of Loans	Amount of Loans	Average Original Amount per Loan
			Marc
1. Purchase of Landed Estate shown separately in the Cadastre . . . . .	(1) 3,446	4,173,119	1,211
2. Purchase of very small Farms (parcels) . . . . .	(1) 2,139	1,707,452	79
3. Building of Dwelling Houses for Owners:			
a. On Land belonging to the Borrower . . . . .	552	238,162	43
b. On Land belonging to the Crown or the Communes . . . . .	125	43,450	37
c. On Land belonging to another Person but rented by the Borrower . . . . .	493	146,063	29
4. Cultivation of Farms:			
a. On Land of which the Borrower has full possession . . . . .	66	19,150	29
b. On Land belonging to the Crown or to Communes . . . . .	267	87,455	33
c. On Land belonging to Another Person but rented by the Borrower . . . . .	418	103,500	25
5. Building of Outhouses, Stables, Drying rooms:			
a. On Private Property . . . . .	2	700	35
b. On Land belonging to the Crown or the Communes . . . . .	1	400	40
6. Other Purposes:			
a. Purchase of Tenant's Rights. . . . .	24	9,084	38
b. Subvention to Trade . . . . .	4	1,200	60
Total . . . . .	7,537	6,529,796	88

(1) These figures also include the colonies formed by means of land purchase, made immediately by the communes: the numbers of real loans made by the banks were between 3,288 and 3,446.

After examining the work of the banks in recent years, we may note that they have granted larger and larger loans and have been engaged to a continually greater extent in the purchase of large landed estates by persons without land.

The average amount of the loans granted was :

In 1905 . . . . .	488	marcs
" 1906 . . . . .	523	"
" 1907 . . . . .	625	"
" 1908 . . . . .	651	"
" 1909 . . . . .	720	"
" 1910 . . . . .	866	"

The following table gives information as to the total number of loans purchase of land, the average area of the colonies, the amount of the ; the average amount of the purchases, the price of the farms and amount of loans per hectare.

Governments	Total Number of Loans Granted	Number of Loans Granted for Purchase of Farms	Average Area of Colonies — Hectares <sup>1)</sup>	Average Purchase Price of Colonies	Price per Hectare	Average Amount of Loan	Amount Lent per hectare
	marcs						
lande . . . . .	371	305	11.0	2,475	225	1,309	119
o and Björneborg.	1,215	951	22.5	2,835	126	1,304	58
astelius . . . . .	960	812	19.6	2,567	131	1,283	65
borg . . . . .	1,170	936	10.6	1,176	111	858	81
Michael . . . . .	388	251	32.5	1,820	56	1,170	36
ppio . . . . .	762	529	37.8	1,852	49	940	25
sa . . . . .	1,880	1,428	15.9	1,367	86	801	51
iborg . . . . .	791	373	27.5	880	32	742	27
Total . . . . .	7,537	5,585	19.9	1,960	98	1,062	53

1) See note in preceding table.

The data given in the last five columns are based on special enquiries e in the case of 2,378 colonies.

To explain the great difference in the value of land in the various ements we shall observe that the first four are in the South of Finland, whilst the others are in the Centre and the North.

In the absence of precise data we may also take these figures as a s for an estimation of the total area of the farms obtained for the peasants through the medium of the loan banks of the rural communes. may estimate the average area of these farms at 19.9 hectares, and up January 1st., 1911 5,408 loans had been granted for purchase of land. A simple multiplication of the above figures shows that 107,619 hectares of land had been obtained for the peasants without land through the sum of the loan banks.

The total purchase price was 9,874,444 marcs.

Let us give a few more particulars as to the previous social position of the borrowers.

	1908	1909	1910
Base Tenants . . . . .	36.8 %	33.7 %	34.1
• Backstugosittare (Cottagers) . . . . .	2.3 "	2.4 "	2
Tenant Farmers . . . . .	44.9 "	45.5 "	45.1
Base Tenants of the State . . . . .	2.6 "	2.5 "	2.1
" " " (Commune) " . . . . .	0.3 "	0.2 "	0.1
Servants . . . . .	1.1 "	1.0 "	1.1
Small Peasant Proprietors . . . . .	3.6 "	2.6 "	4.1
Fishermen . . . . .	0.5 "	0.5 "	0.1
Profession not stated . . . . .	7.9 "	11.6 "	8.0
Total . . . . .	100 %	100 %	100

The figures in the preceding table relate to persons who have acquired land for colonisation through the medium of the loan banks & those to whom the colonies have sold the land directly after subdivision.

In M. Elfving's last report (Bulletin of the Department of State Land and Accounts, No. 13), from which we derive our information, he therefore grouped together the data concerning the professions of these classes of colonists.

#### (a) Purchase of Land by Rural Communes.

In 1907 the rural communes began to act as intermediaries in the purchase of large landed estates and their sale to the peasants without loss. This form of colonisation resembles that by means of State purchase as has developed, so to say, with it.

On December 1st, 1912, the rural communes had bought for the purposes of colonisation 2,928,500 marcs worth of land of a total area 19,137 hectares. The State lent these communes altogether 2,887,000 marcs, 1,087,000 marcs out of the "Loan Fund for Persons without Land" and 1,800,000 marcs out of the Public Funds.

With regard to the conditions on which the newly formed farms given to the poor peasants, the decree of April 7th, 1903 lays it down that the communes have no right to any profit on these transactions.

The farms were granted to the purchasers in full possession.

2,759 hectares of the land purchased have been separated for transformation into public forests. The rest was divided into four large landed estates and 438 small farms. It is not possible to determine the average area of these new colonies, whilst we possess no data as to the division of the area purchased by the two above mentioned groups together. The average price of the land bought was 153 marcs per hectare, which is high in comparison with the average price of the land bought by private persons with the help of loans from the loan banks of the rural communes, namely 98 marcs, and the average price of the land bought by the State, namely 100 marcs; but let us say that the average of 153 marcs is due to the high value of a few large landed estates.

Is regards the occupation of the settlers, we refer the reader to the in the previous section.

(d) *Purchase of Land by the Co-operative Societies.*

As we have already pointed out in the introduction to this study, the action of the Finland co-operative societies has been displayed in all branches of economic life in an almost unique manner and we may regard these societies as almost indispensable for the existence of the farmers. They have, besides, since 1906, advanced in their work colonisation and, in time, a potent force for home colonisation may s way be developed. The land purchase co-operative societies were d on the initiative of the energetic Pellerovo society, which not only d their ordinary rules and regulations, but also settled the text agreement for persons intending to form such associations.

We may observe several excellent points in the land purchase co-operative societies, which, despite every difficulty, maintain and improve business. The motive force in these associations is the sentiment of al responsibility of the members and their consequent active co- action for the common interest.

Let us add that this form of co-operation leaves each individual s rights over his own land and the liberty to dispose of his profits e pleases.

It is true that the co-operative land purchase societies labour still many disadvantages due to the original poverty of some of their members, but it would, however, be unjust to think these disadvantages greater among the co-operative societies than among those persons borrow from the banks for the peasants without land and also, in places, among the small farmers settled in the State colonies. members of the land purchase co-operative associations are in a position than those who borrow from the loan banks, as the former ve a mortgage loan up to 9/10ths. of the purchase price of the land, times even more, whilst the customers of the loan banks only receive It must also be remarked that the members of the co-operative societies among themselves the portions of the old landed estates that are ated or capable of cultivation and may, consequently, by division e forests and common pastures, utilise their land to the full, whilst chaser of a single lot is often obliged to content himself with a farm , from many points of view, is incompletely utilisable, and often completely impossible for him entirely to triumph over his difficulties. There were, on December 1st., 1912, in various parts of the country, co-operative societies working with State loans. Through their means ha. of land had been given to peasants without land, and 1,514 ha. ooded land transformed into common forests. With the rest, 267 farms had been formed. The amount paid for the land had used up to 797,250 marcs and for these purchases the societies received State loans to the amount of 698,535 marcs. The average of the farms was 111 marcs per hectare and the average area of the

small farms recently formed was 17.1 ha., with right of use of the common forests. We possess no statistics with regard to the occupations of members of the co-operative societies.

With regard to the economic situation of the co-operative societies Inspector Elfving notes, in his Report for 1910, that it offers every guarantee, and that these intermediaries give the best possible security for the loans they have received from the State. Let us add that the liability of the members is unlimited.

The following table summarising the balance sheets of 10 co-operative societies on January 1st., 1911, gives us further proof of their solid

	Finland Mark
<i>Credits.</i>	
Cash in Hand . . . . .	1,131.45
Credits to Members (Price of Farms) . . . . .	533,601.77
Other Credits and Miscellaneous Assets . . . . .	14,837.15
Debit Balance . . . . .	<u>2,019.07</u>
	551,589.44
<i>Debits.</i>	
Members' Liabilities . . . . .	33,469.70
State Loans . . . . .	477,605.39
Other Loans . . . . .	23,096.75
Miscellaneous Debits . . . . .	3,166.40
Credit Balance . . . . .	<u>13,161.20</u>
	551,589.44

The assets of the members of these societies, an additional guarantee for their loans, were calculated by Mr. Elfving at 335,300 marks, an amount that must be considered as an amply sufficient security.

#### § 4. STATE SUPERVISION AND THE TECHNICAL INSTRUCTION OF THE SETTLERS.

The work of colonisation was at first placed under the supervision and inspection of the Governors, but, in 1906, a special inspector was appointed, dependent on the Department for State Land and Accounts of the Imperial Senate of Finland. He had to satisfy himself that rural communes and other mediums for loans out of public funds for improvement of the condition of the peasants without land employed amounts borrowed and managed the banks constituted with these funds in conformity with the regulations in force and the rules of the banks that the loans granted by the banks to private persons were used for the purposes intended and that, in addition, the conditions on which the loans were granted were fulfilled.

The Inspector had to advise the Department of State Land and Accounts as well as the Governor, concerned who has to decide on

asures to be taken in the case of maladministration of the banks and use of funds.

As home colonisation in Finland has developed rapidly, as we have, it was impossible for a single inspector to supervise the whole work. The inspection and supervision are now entrusted to a Chief Inspector, assistant inspectors, a special inspector of common forests and it instructors.

The instructors, many of whom possess small farms, and have been to study agriculture in Denmark, as holders of State scholarships, each settler, arrange with him new methods of farming and discuss economic questions in relation to home colonisation.

This educational work is of the greatest importance, for the settlers generally very ill instructed in technical matters, although most them devote themselves exclusively to agriculture.

The administration has also, since 1908, granted subventions of the public funds in favour of the agricultural education of settlers.

State Scholarships have been founded, for the purpose of sending farmers to Denmark to complete their technical education. Every year agricultural excursions have been organized under the direction of the instructors. In 1911, 156 settlers were thus enabled to visit farms. Further, lectures are given in connection with these excursions on economic and agricultural matters.

#### § 5. CONCLUSION.

To permit the reader to compare the results obtained by the different forms of State home colonisation in Finland, we propose to summarise in below in a general table.

Unfortunately, we do not possess statistics of the same date for all these forms. Our information relating to land purchase by the State is to January 1st., 1912, as far as regards the old form of intervention to December 1st., 1912 as far as the new form is concerned. The relating to land purchase by the rural communes and co-operative estates also refer to December 1st., 1912 and those relating to purchase arms with the help of money advanced by the Loan Banks of the rural communes to January 1st., 1911. As to the statistics referring to the other forms of colonisation, the dates are shown in the table. We must observe that the data relating to the area and the price of landed estates acquired by means of advances from the loan banks of the rural communes based upon estimates; that the State has detached from the landed estates, called "donation fiefs," large tracts which it has transformed State forests; that we possess no information with regard to certain the landed estates and that the data with regard to the other forms of colonisation are not quite complete:

Form of Colonisation	Area of Landed Estates — ha.	Price of Landed Estates Purchased — Marks	Number of New Colonies	Average Area of New Settlements — ha.	Average Price of New Settlements — Marks
I. — Home Colonisation immediately directed by the State					
(a) Colonisation of State Forests . . . . .					
(x) New Colonies (1910) . . . . .	22,861	—	—	—	—
(3) State Forest Farms (1910). . . . .	—	—	4,169	—	—
(7) Small Farms (1912) . . . . .	—	—	200	—	—
(b) Colonies on "Donation Fiefs (1893) . . . . .	1,006,235	17,293,469	—	—	—
(c) Land Purchase in the Government of Wasa 1892-1895 (1908) . . . . .	1,260	159,321	70	18	12
(d) Old Form of Intervention (1912) . . . . .	26,499	2,256,911	740	291	8
(e) New Form of Intervention (1911) . . . . .	35,099	3,572,468	(*) 1,042	24.0	100
II. — Home Colonisation encouraged and supervised by the State:					
(a) Colonisation with the help of Advances from the Loan Banks of the Rural Communes (1911)	107,619	9,874,444	5,408	19.9	9
(b) Purchase of Land by the Rural Communes (1912)	19,137	2,928,500	(**) 442	—	13
(c) Purchase of Land by the Co-operative Societies (1912) . . . . .	6,101	797,250	267	17.1	11

(\*) See page 145.

(\*\*) See page 153.

We may estimate the value of the land detached for transformation State forests at a million marcs. The State has, up to the present, 17,293,469 marcs on the purchase of donation fiefs and 5,988,700 s. on other purchases of land. The advances made out of the Loan d for Peasants without land have amounted up to the present to 9,238 marcs and the loans out of other public funds amounted to 10,000 marcs, making altogether 12,009,235 marcs. Taking these es as a basis, we may calculate that the State has spent altogether ximately 36 million marcs on home colonisation, of which 17,997,935 s. on colonisation properly so called, that is directed and supervised le ordinary inspector of colonisation, a very large sum, above all when amount of the population and the scarcity of money in the country nken into account.

Before closing our article, we think it well to give another glance the economic conditions of the various classes of settlers. We may nise them as under, in accordance with the results of the statl enquiries made in 1909-1911

Form of Colonisation	Land Purchased by the State		Land Purchased by Loan Banks	Land Purchased by Rural Communes	Land Purchased by Co-operative Land Purchase Societies
	Old Form	New Form			
umber of Colonists' Farms considered . . . . .	583	302	2,999	103	155
<i>Credits.</i>					
ice of Farm and Value of New Houses, etc. . . . .	3,913	3,692	2,433	3,736	3,932
er Fixtures . . . . .	84	40	77	514	427
miture . . . . .	1,555	918	818	1,111	959
sh in Hand . . . . .	230	204	72	98	170
Total . . .	5,782	4,854	3,400	5,459	5,488
<i>Debits.</i>					
ate Loans . . . . .	2,923	3,231	975	3,301	3,011
ns on Mortgage . . . . .	10	—	97	3	24
her Loans . . . . .	495	215	753	542	590
edit Balance . . . . .	2,354	1,408	1,575	1,613	1,863
Total . . .	5,782	4,854	3,400	5,459	5,488

We see that the economic situation of the various classes of se is very solid and that the difference between these various classes is very great. The forms of home colonisation also complete each other. Practice shows indeed that the colonisation of large landed estates advantages from the technical point of view, but that, on the other hand, great difficulties would arise if only large estates were available to work of colonisation.

In addition to the colonising work effected by the State of which we have given an outline, there is also in Finland a species of colonisation carried out with private funds, which has attained very large proportions. Several societies limited by shares have been formed with the object of purchasing and subdividing the large landed estates. Unfortunately, we have no statistics relating to these forms of private colonisation.

The desire to possess a small landed property is very general in Finland, and the number of persons without any is very large.

According to the results of the enquiries carried out by the committee of home colonisation, there were, in 1901, in the rural communes of Finland, 160,525 tenant farmers and 206,388 families not possessing farms.

At present, the State is far from being in a position to satisfy the demands for land and for loans. Let us only mention that the total applications for loans made by rural communes amount to about 28 million marks.

It is difficult to prophesy with regard to the further development of the work of colonisation in Finland. Last year plans were made for the foundation of a special mortgage bank for home colonisation. It was even suggested that the savings banks might support the work of cultivation by the grant of long term loans. We shall, however, abstain from dealing with these proposals, as they have not as yet led to any result.

